SYNOPSIS
CHAPTER 3
REVIEW OF LITERATURE

This chapter reviews the literature pertaining to co-operatives since the year 1960. 78 numbers of reviews were undertaken. It was found that most of the studies have focused on the role and importance of co-operatives in the Indian Economy, development of co-operative movement, problems and challenges faced by co-operatives, the use of co-operative credit by farmers for different purposes and role of the informed sector in fulfilling the credit requirement of farmers.
CHAPTER 3
REVIEW OF LITERATURE

Past researches pave the way for future researches as they throw light on different aspects of the subject and provide an understanding of the various issues pertaining to the subject. It helps clarify the objectives to be perused and provides insight into the research problem.

Literature pertaining to the present study was searched at length. Most of the studies have focused on the role and importance of co-operatives in the Indian Economy, development of co-operative movement, problems and challenges faced by co-operatives, the use of co-operative credit by farmers for different purposes and the role of the informal sector in fulfilling the credit requirements of farmers.

Madhava Das K. (1960) suggested valuable suggestions to overcome the deficiencies or weaknesses founds in Indian co-operative. He observed that co-operative marketing and processing has lagged far behind co-operative credit, therefore, integration of co-operative credit and marketing was essential. He suggested that the loans only be given by the co-operative society to a member who undertakes to sell his produce through a marketing society to which the credit society is linked. Secondly, the main problem of co-operative development in India was the building up of a sound structure of co-operation in the various States, particularly at the village level. The co-operative credit structure itself, at all levels, but particularly at the primary and district levels, was weak. The problem of finding resources ranked very much below this prime requisite. For sound development of co-operatives author stressed on improvement in administration structure i.e. better-qualified supervisors, auditors, bank managers etc. He mentioned that for the development of the co-operative credit, sound arrangements of audit and supervision should be made.
Miles (1960) stated that if credit was used correctly it could be of great help in building a better financial structure but if used carelessly it would weaken it. He stressed further that credit was scarce in India and therefore, each rupee of credit extended should be applied in such a manner as to produce greater economic gain. The report of the committee on co-operative credit (1960) indicates that when loan is provided by the society to the members on the basis of their indents, the society will not only ensure proper utilization of the credit, but will also be doing useful service to its members.

Menon (1961) said that the danger of mis-utilization is particularly greater in case of small-sized cultivators. He also suggested that unless there is complete co-ordination between the activities of the society and the extension worker, the small-sized cultivators would not be able to make productive use of credit. He remarked that supervised credit and issue of loan in kinds and not in cash will help in reducing this danger.

Programme Evaluation organization of planning commission (1965), in a study of utilization of co-operative loan, observed that out of total credit obtained by the sample respondents, the share of co-operatives varied between 65 to 72 percent during the year 1958-59 and 1961-62. Of the total amount advanced, nearly 94 percent was short-term credit and only about six percent was medium term credit. The study further revealed that poor cultivators diverted the loans for unproductive purposes to meet pressing domestic needs.

Mohinder Singh (1967) in his research paper in the conference organized by the International Co-operative Alliance, Education Centre for South East Asia stated that notwithstanding the recent expansion in institutional credit, credit needs of farmers in most of the developing countries were still being met through non-institutional sources at relatively high rates of interest and supply of institutional credit was limited. He explained that institutional finance, generally, was available through government departments (including developmental or financing institutions established by governments),
commercial banks, and co-operatives. The credit available through government department was very limited in volume and its scope was often restricted to special situation like provision of relief to victims of natural calamities and settlement of landless labourers and tenants on newly reclaimed lands. Co-operatives then were the most important source of institutional credit available to the farmers. In many of the Asian countries (Ceylon, India, Japan, Republic of Korea, Republic of Vietnam), the agricultural credit available through co-operatives accounted for four-fifth or more of the institutional agricultural credit. He also mentioned clearly that in China, called farmer's associations accounted for about one-third of total institutional credit, and the bulk of the balance was disbursed and recovered by these co-operatives as agents of various government bureaucrats. The study also explained the structure, scope of activity, area and membership, financial position and operational methods of the co-operatives. Finally, the author discussed the development in the countries of South-East Asia which brought out certain elements that may enable co-operatives to acquire necessary vitality for playing an important role in the growth of agriculture. There should be a well-developed extension service, supported adequately by research station and working closely with the co-operative organization to create amongst the farmers, a demand for improved agricultural requisites and implements. Co-operatives should function in a favourable economic and legal environment. National level co-operative should be given importance as they are responsible for assisting in the task of improving the operational efficiency of co-operatives.

Lavania (1968) observed the only 67 percent of the borrowings from co-operatives was utilized for stipulated purposes and 33 percent was diverted by the respondents, of which 20 percent was used for consumption, 5 percent for capital expenditure in agriculture, 6 percent to meet the social obligation and 2 percent for non-farm-capital expenditure.
Datar D.R. (1969) discussed the “Place of Co-operation in India’s Economy”. Co-operative movement in India since independence had made a remarkable progress and it became the backbone of rural economic activities. In this paper the researcher made available statistical information for different years and for some of the sectors of co-operative activity such as credit, marketing, processing, sugar production, consumers and industrial co-operation etc. was compiled and presented in tabular form along with corresponding information for the whole country. Percentage turnover of co-operative sector to total turnover of the country had also been worked out. This statistical information revealed the place of co-operatives in Indian economy, position, necessity and focused on trends of progress. He explained that the co-operative movement in India continued to be predominantly a credit movement. He presented statistical information of agricultural credit supplied by different agencies, per cultivator family during 1951-52 and 1961-62 as well as aggregate borrowings of all cultivator families. The private credit agencies (excluding commercial banks) supplied in 1951-52, about 92.7% and 81.3% in 1961-62 of the total cash loans borrowed by cultivators, while the co-operatives supplied 3.1% in 1951-52 and 15.5% in 1961-62 of the total borrowings. The government contribution was 3.3% in 1951-52 and in 1961-62 was 2.6% and the contribution of the commercial banks was about 0.9% in 1951-52 and 0.6% in 1961-62. Therefore, the situation had not changed considerably during the intervening period of ten years, and the private money-lenders continued to dominate the economy. However, the co-operative sector stepped up its credit activity considerably during the period and contributed 15.5% of the total cash borrowings. Besides credit, processing of agricultural commodities was another major activity undertaken by many co-operative societies throughout the country. Some of the major processing activities undertaken by the co-operatives were sugar manufacturing, cotton ginning and pressing, milk processing, fruit, vegetables and fish canning, paddy processing, etc. The share of the sugar co-operative factories in the total national production rose from 1.6% in 1955-56 to 26.2% in 1965-66. He stated that co-operatives had made
significant progress, however, it was noticed that it was limited to only certain sectors of the economy such as agricultural credit, sugar manufacturing, cotton ginning and pressing and marketing, but in many fields their contribution was almost insignificant. Besides this, the researcher believed that the Indian co-operative movement would grow into a movement embracing all fields of economic activity and come out as a powerful sector in the Indian economy.

Dubhashi P.R. (1969) in the paper titled “Strategy of Co-operative Development” explained that the term “Strategy of Development” came into popular trend with its increasing use in literature on economic development. The strategy of future development evolved out of the past experience and stages through which development took place. He explained that the stages of the evolution had always been thought of by social thinkers i.e. Karl Marx and Rostow. As the co-operative movement was spread to different countries in the world, it became clear that co-operative movement had different origins and different lines of development. The co-operative movement started as a small local discrete activity isolated instances rather than as part of a grand design or a coordinated plan of development. The author took a brief review of the evolution of the co-operative movement in the world and the development of the various types of co-operatives. He explained that the possibility of co-operative development originating in one of the sectors of the economy like the distributive sector or the marketing sector and spreading itself over through a kind of a general process to other sectors, as well as, possibilities of a fruitful inter-co-operative relationship depended on the development of internal economic strength within the particular sector. He focused on the development process of Indian economy. The progress of the co-operative movement in India measured with the increasing numbers of co-operative societies, on the contrary, in western countries it was measured by the reduction in numbers, it means the progress was measured by the elimination of hundreds and hundreds of small co-operatives and their consolidation into bigger units with greater strength.
Krishnaswami and Gansan (1969) concluded that members who were most satisfied with their agricultural credit co-operatives were the ones that belonged to high caste, possessed high formal education, engaged in agriculture, possessed high economic status, had membership for a longer period, lived at shorter distance from the society, possessed high co-operative knowledge, participated more actively in the business of the societies, attended more general meetings and participated in discussion.

Lavania et al. (1969) concluded that the regression coefficient is insignificant at either 5 percent or one percent in the small and medium size groups. It is significant at one percent level only for big farmers, suggesting that co-operative production credit affected the gross (value) output significantly only among big farmers.

Catanach I. J. (1970) emphasized primarily on historical development of the co-operative movement and drew on an extensive range of economic and anthropological materials. He studied the rural credit and the co-operative movement in Bombay presidency during the period of 1875 to 1930. The study was distributed in six major parts. In part one the author mentioned, the Deccan Riots and Deccan Indebtedness (1875 and 1904), the first outbreak of rioting against money-lenders. The Deccan Riots Commission felt that there were two possible ways of dealing with the problems of agricultural indebtedness. One was to put checks on the activities of the money-lenders; other was to compete with him in the provision of credit. As a result Government of India passed the Deccan Agriculturists "Relief Act", 1879. For the provision of credit, Land Improvements Loans Act, 1883 and the Agriculturists" Loans Act, 1884 were passed by Government of India. Finally the Co-operative Societies Bill was passed on 25th March 1904. The author presented a comparable study of development of three separate areas- Gujarat, Maharashtra, and Karnataka.
Garg et al. (1970) found that the members of the co-operatives invested more amounts per hectare than non-members in case of paddy and wheat crop. In the same way the members of the co-operative had reaped more yields per hectare than the non-members in case of paddy and wheat. The difference of investment and yield in case of paddy and wheat crop was statistically significant between borrowers and non-borrowers.

Bedi R.D. (1971) focused on co-operative movement under the title “Theory, History and Practice of Co-operation”. The author studied not only Indian co-operative movement but also gave some examples of success of other countries of the world where co-operative movement flourished. The study was divided into four parts i.e. Theory of Co-operation, Co-operation in Foreign Countries, History of Co-operative Growth and Co-operation in India. Part first dealt with economic organizations, co-operation; their definition, principles, types, co-operation and State aid etc. Part second was dedicated to the success of co-operative movement in foreign countries, history and practice in co-operation evolved in foreign countries was explained. This was useful for Indian Planners to formulate plans, policies and practices for a sound development of co-operative movement. Part third consisted of History of Co-operative Growth in India (pre-independence development and co-operation in the planned economy), various study groups and committees; their suggestions were studied in this part of the book. As the goal of democratic socialism was placed before Indian planners, co-operation also secured its rightful place in every sphere of the Indian economy and made considerable progress. History of co-operative growth in India was presented along with available statistical information about the working of co-operative societies of different types e.g. co-operative credit societies, service co-operatives, marketing, processing, warehousing, housing, farming, consumer's stores etc. Finally the author examined the progress of co-operative movement, managerial and operational aspects of the co-operative organizations at all levels. Author laid emphasis on
the programme of co-operative training and education, supervision and inspection of co-operatives and community development programme.

Mathai (1971) found that out of total borrowings sixty percent was borrowed from co-operatives, 6 percent from commercial banks, 27 percent from relatives, 3 percent from money-lenders, 2 percent from traders and 2 percent from the government. He further observed that 65 percent of the total borrowed money was utilized for productive purposes and 37 percent for unproductive purposes.

Mohan (1972) concluded that over dues to total loan taken by defaulting member had gone up from 31 percent in 1967 to 52.3 percent in 1971. While relative position of overdue of small farmers had fallen by 5 percent the case with medium and big farmers increased by 138 and 26 percent respectively during this period.

Ram D.N. (1972) stated that co-operative credit in form of crop-loans and kind loans changed the infrastructure of agriculture. Permanent improvement in land has become possible due to its availability. Modern agricultural implements, fungicides and other chemicals have been made available and have brought significant change in the movable and immovable assets of all types of farmers. Those farmers who were unable to use modern tools and inputs in the past have now started to use them. Some of them have increased their non-agricultural assets by the misutilization of co-operative credit.

Memoria C.B. and Saksena R.D. (1973) “Co-operation in India”, was an analytical, comprehensive and more critical appreciation of the changing pattern of diverse aspects of Indian co-operative movement. The book discussed under twenty three chapters touched every aspect of the economy. Indian economy is an agrarian economy where more than sixty percent of population depends for its sustenance on agriculture; the authors thought that there was still vast scope for the application of co-operative activities. The
authors focused on rural indebtedness and rural credit. They were of the view that to make free the cultivators from the clutches of money-lenders and to get them the best price for their product and to improve their living standard, co-operatives was the answer. The authors also discussed the history and growth of co-operative movement, co-operative credit structure (agricultural and non-agricultural), their functions and progress. They endorsed that if the face of rural India was to be changed, co-operation in its various phases must permeate deeply into the life of Indian villages.

Singh and Mehrotra (1973) stated the major part of the credit borrowed by the landless, the marginal and small farmers had been devoted to meet family requirements in terms of food, medicine, marriages, litigations and other social ceremonies that were totally unrelated to production.

Saxena K.K. (1974) “Evolution of the Co-operative thought” was a comprehensive study. It was a systematic attempt to understand and evaluate the theoretical consideration which influenced the evolution of co-operative thoughts. The author analyzed various trends which emerged as a result of the influence on economic and social factors. The study also illustrated the expansion of co-operatives in the developed and developing countries. In the study, the author focused on the dynamic character of the principle of co-operation and assigned co-operation the status of an emerging economic system. The book was divided into three parts. Part first was concerned with the beginning and the foundation of the co-operation and Rochdale co-operative philosophy. Part second was concerned on emergence of co-operativism as an economic system and needs for reformulation and for this purpose the author emphasized that co-operators should build up their own political philosophy. The pattern of development was discussed in detail under the fifth chapter i.e. economic progress through co-operation, social aspects of co-operation, political philosophy of co-operation, co-operation and State action, management development, importance of education, training and
leadership. Saxena explained that co-operatives had to recognize that they cannot eliminate all competition. The competition from private enterprise and large capitalistic concerns was bound to increase in future as they had taken all the advantages of modern technology. He again underlined the need for greater international co-operation amongst the co-operatives to make its greatness manifest and established its efficiency as against the large monolithic capitalist enterprises.

Shukla and Mishra (1974) concluded that the estimates of inputs per hectare were invariably higher for members as compared to non-members. This has been mainly due to the availability of inputs both in the form of cash and kind components obtained on the basis of crop-loan-system to the member cultivators. Finally they concluded that there existed a positive impact of co-operative finance on the level of inputs, outputs, income and employment per hectare of land under study.

Windfred (1974) stated the reason for over dues. Natural calamities, lack of supervision of the utilization of loans, inadequate loans, the absence of linking credit with marketing illiteracy, low level of education and lack of proper leadership are some of the causes for poor recovery.

According to Goonarantne and Samad (1975) paddy production groups in Sri Lanka have reached a higher level of productivity through group approach. Farmers were able to double their yields as a result of adhering to a common cultivation calendar, involving the adoption of a package of improved cultural practices closely supervised by extension officers. Group activity enabled all the farmers to obtain their requirement of credit, inputs etc. conveniently through the institutions involved. A greater co-operation exhibited by farmers facilitated a better use of resources, such as irrigation.

Ghakhar and Gangwar (1975) found that all the 46 farmers showed positive attitude towards borrowings from co-operative purposes. However, nearly 25
percent of them were interested in borrowing for unproductive purpose, viz. marriages and other social needs. Nearly 25 percent of the farmers were not interested in borrowing due to complicated lending procedures of co-operatives.

Mazwell Gezald, Schmitt David R. (1975) considered co-operation as one of the basic social process of social psychology. The book presented the results of six years of systematic research designed to uncover the factors that slow down, maintain or promote co-operation. The authors used the results of thirty interrelated experiments, most of which employed courageous reproduction procedures. They took into consideration the relationship between the concept of co-operation and the various operational definitions used in literature. In the study the authors used two methods of measurement and experiments design. The first method of experiments evaluated the following factors i.e. inequality would reduce levels of co-operation in some pairs even at substantial cost to the participants and effects were proportional to the size of the inequality and were mitigated when a means to reduce inequality was provided. The second method of measurement and experimental design which was repeated under various conditions and cultures explained the strong effect of interpersonal risk on co-operation. Finally, the authors investigated several factors which reduce the inhibitory effects of risk i.e. open channels of communication, useable working systems, partner’s visibility and external invocation of moral norms without successful invocation of group commitments.

Mishra (1975) concluded that the estimates of marginal value productivity have shown that co-operative finance had maximum marginal value product in case of potato followed by wheat, barley and paddy. It varied from 1.44 in case of paddy to 2.29 in case of potato. In other words, every rupee borrowed from co-operatives had yielded a surplus of 44 percent in case of paddy, 63 percent in case of barley, 88 percent in case of wheat and as high as 128 percent in case of potato. This amply demonstrated that there is considerable scope of using more
and more co-operative finance in view of existing rate of interest on co-operative loans.

In an analysis of the Shimla co-operative system in Bangladesh, Hussain and Ali (1976) reached the conclusion that farmers are to be motivated and trained for successful functioning of group farming. He further observed that supply of inputs was not streamlined properly and the rural credit structure was not suited to cater to the needs of co-operative farming system. From a management perspective the experiences showed that the system was capable of helping the transformation of village leadership structure. Also it has helped to improve social relations among members by contributing towards bringing about a sense of unity and cohesion.

Kher (1976) found that out of short-term credits borrowed from Primary Agriculture Co-operative Society (P.A.C.S.) 72.67 Percent (1973-74) and 61.18 percent (1974-75) were utilized for stipulated purposes whereas 27.55 percent (1973-74) and 38.82 Percent (1974-75) were misutilized. The major items for which short-term credits were diverted, were paying of old debts, family consumption and election of gram panchayat, taluka panchayat, litigation etc. He further stated that misutilization was greater in case of cash credit than the same in kind.

Kher (1976) studied the attitude of farmers towards primary agriculture credit co-operative society. He found that majority of the farmers (72 percent) possessed favorable attitude. Farmers having unfavorable attitude towards primary agriculture co-operative society accounted 18 percent of the sample.

Mishra (1976) stated that co-operative finance had a favorable impact on the members with regard to the adoption of approved technology, especially with reference to the use of improved seeds and fertilizers which were supplied by the co-operative. He found that both proportion of farmers and proportion of
area under improved technology were higher among members than among non-members.

Rajan (1976) stated that in 1960-61 the Program Evaluation Organization of the Planning Commission identified that among a sample of 949 borrowers of short-term co-operative loans in that year; about 40 percent had diverted the loan to unproductive purposes. Of this 23 percent of the borrowers admitted partial diversion while the remaining 17 percent reported 100 percent diversion. He further reported that in another study conducted in 1971 on the working of crop loan system in Kanyakumari district in Tamilnadu, 50 percent of the borrowers diverted the loan to purposes other than the one for which they were sanctioned. Diversion for domestic purposes was located with 26.7 percent of the borrowers, repayment of prior debts with the loan was reported by 3.3 percent and the remainder utilized for unproductive purposes.

Singh et al. (1976) found that about 75.71 percent of the co-operative loan was utilized for productive purposes while 26.29 percent of the loan was utilized for non-productive purposes.

Singh et al. (1976) concluded that the lion’s share of the advanced money from the cooperatives went to the large size farmers. The large sized farmer utilized their borrowed money to greater extent of productive purpose as compared to small farmers. He further stated that out of the total number of 694 recipients the small, medium and large sized farmers constituted 23.81 percent 35.41 percent and 40.78 percent respectively.

Wattamwar and Bharaswadkar (1978) stated that the impact of sugar co-operative was observed on major aspects of rural development. The use of fertilizers, insecticides, social status, social activities, transport facilities, roads, educational facilities and annual income were found to have increased after establishment of sugar co-operatives.
Mahipal and Rai (1980) found the relationship between role performance and socio-psychological characteristics of the leaders of Multipurpose Co-operatives Societies of Nazafgarh Community block of Delhi. They reported that attitude, interest, cooperation and socio-economic status of co-operative leaders were related with the performance of the co-operative. They further reported that attitude and co-operation had significant influence on the role performance of the leader.

Bodhale and Jadhav (1986) found that Agro-Service Centers (ASC) played an important role in disseminating improved agricultural technologies and supply of inputs to the farmers in Western Maharashtra. The ASCs mostly operated by agricultural graduates, were involved in providing services like hiring the implements and equipments. They supplied agricultural inputs such as chemical fertilizers, improved seeds, insecticides and fungicides, cattle feeds, spare parts of the machinery, etc. and technical advice to the needy farmers in carrying out their business.

Baviskar (1988) found that the management and functioning of dairy co-operatives in Gujarat were not according to the by-laws. The village level co-operatives and the district level milk unions were supposed to be controlled by their members. In practice these organizations were manager dominated and the elected representatives seemed to play a secondary role.

Singh, (1989) reported the factors responsible for the success of Anand co-operatives (i) By-laws which ensure a democratic process. (ii) Management and ownership of assets by the co-ops. (iii) Autonomy in pricing, marketing and appointment of personnel. (iv) Employment of professional managers by co-ops.

Vergroesen, A.G. (1989) in his study of agricultural co-operative marketing societies in Philippines and Indonesia identified the major shortcomings in their operational efficiency. He found inequitable distribution of benefits to
members in the co-operatives in both the countries. He recommended that the role of the government in rural development programs should be redefined to emphasize a public service role while encouraging a "de-officialization" approach in co-operative development and the co-operative marketing systems should be restructured to allow for more decentralized system of local marketing co-operatives that can compete effectively with other private sector enterprises. He further suggested giving priority to membership support, capital accumulation, adequate training and education, and organization and management of marketing co-operatives.

Desai and Reddy (1990) studied the crucial factors responsible for the success of Andhra Pradesh Co-operative Oilseed Growers Federation i.e. development of village level organizations involving local people, arrangement for marketing and price support, timely availability of technological guidance, etc.

Mahallingam, (1990) reported that co-operative marketing societies were the most important instrument for linking the small farmers with the mainstream marketing channel. They had a non-exploitative and egalitarian appeal. He further added that one leg of co-operative society was the leg of idealism which includes co-operative values and social responsibility and the other leg should be of good business management if it had to compete successfully with private trade which had profit maximization as its major goal.

Suresh K.A., Joseph Molly (1990) analyzed the different rural development programmes implemented by government of India. The role of the co-operatives under the five year plans and the major types of functional co-operatives as agents of rural development were enunciated by author with historical background. In the study, the authors studied credit co-operatives of Kerala, the leading State in co-operative movement in India. In the study the review of co-operative efforts revealed that the functions and performance of co-operatives were affected by many factors. Co-operatives rarely functioned on co-operative principles and did not act as an effective instrument of social
transformation. Analysis of impact of co-operative credit on production revealed that the supply of credit was inadequate to meet the production needs, a portion of the limited supply of credit was diverted and finally whatever was used for production had no statistical significant impact on income for which the credit was available. The impact on distribution showed that only 1.19% of beneficiaries hailed from low income group who received about 0.64% of total loans disbursed. Thus the study showed that business efficiency did not necessarily mean organizational efficiency and both may even move in opposite directions and co-operatives were not different from other forms of business organization. The author focused on several organizations involved in rural development such as government, co-operatives, voluntary organizations, commercial banks, industrial houses, etc. About eleven rural development programmes were explained in detailed, the major operational approaches of these programmes were reformist, functional, target and total approach. The author explained that most of the programmes were welfare programmes without any impact on income and employment directly. Success stories of co-operatives like Amul, IFFCO, Warna, etc. showed that they were simultaneously working on the basis of sound canons of business and organizational objectives. Co-operatives were the best form of organization for the rural poor. They were capable of producing desired results and competent to compliment the decentralized political and economic system. But they could be effective only if the socio-economic and political contexts in which they were working were also ready to understand the spirit of co-operation.

Birgegaard and Genberg (1994) pointed out: “Unless the co- operatives can meet the competition, they will end up in down-turn spirals of decreasing volumes of business, deteriorating profitability of their operations, reduced capacity to pay remunerative and competitive prices and provide useful services to their members, continued flight of members, together with further decline in volumes of business.”
According to International Co-operative Alliance (1995), virtually all Sweden’s dairy production is marketed by farmer-owned co-operatives; in Norway 75 per cent of forest products are processed and marketed by co-operatives; in Italy 60 per cent of wine is co-operatively produced. Fourteen farmer-owned co-operatives in the USA are among the 500 largest corporations and no fewer than 8 of the 10 largest Canadian firms are co-operatives. In the developing countries, equally impressive figures can be quoted: a major share of India’s milk is marketed by the AMUL dairy co-operatives, in Bolivia 60 per cent of chicken, in Kenya 87 per cent of pyrethrum and in Brazil 40 per cent of cotton are co-operatively marketed. Twenty-five per cent of India’s fertilizer is processed in co-operative factories.

Ravishankar and Thimmaiah (1995) observed that co-operatives in India have failed. There has been a deliberate attempt to keep them going by those in power even after the initiation of the liberalization of economy. The co-operative set-up has been regarded as a sacred cow for too long. The excessive dependence on the government has proved to be its nemesis. The pure voluntary character of the co-operative movement has been lost due to excessive intervention by the government. As a result, the Indian co-operative movement has been dubbed as a “Registrar’s movement”. The Registrars' powers were mind-boggling and uncalled for. He could nominate office bearers and directors, supercede committees, and impose by-laws. This obsession of the state to get a vice like grip on co-operatives made them true agents of the government. Under the prevailing circumstances, there was little wonder that the people had not been really involved in the co-operatives. The real management, control and leadership of co-operatives vest in the Registrar. Nothing of consequence could be done without the approval of the Registrar. Thus the co-operatives were government’s concern in the mind of people including educated ones. Having no scope for independent action, the educated younger generation was not interested in the management of the co-operatives in the rural areas as well as urban areas. All the co-operatives were in financial
mess for decades, largely because of unaccountability, corruption and dishonesty which were covered up under the umbrella of government protection.

Apte (1996) while examining the causes of success or failure of sugar co-operatives in Maharashtra found the following main factors as key to success; provision of irrigation facilities, bringing large area under sugarcane cultivation, democratic functioning, provision of remunerative price to the farmers, business-like approach and diversification. He identified corruption and malpractice as major factors responsible for failure of sugar co-operatives in Maharashtra.

Cracknell (1996) reported that government control usually entails, or stems from, various forms of support. But it also served as an excuse for interference and this, in turn, is an excuse for the non-accountability of management and discounting of members’ views.

Lele and Rao (1996) observed co-operatives as a panacea, a quick fix, which would yield economic gains with equity. Marketing of agricultural and allied products and rural credit were the two sectors where formal co-operatives had historically evolved, where the greatest co-operatives developed in the post-independence period. The dynamics of these co-operatives have also been facilitated, protected and even speeded up by the state with great enthusiasm throughout in different parts of the country.

Kainth (1997) observed that there was an urgent need for a strong political will at all levels to promote co-operativisation of common pool of the natural resources of the country. The co-operative leadership should play a more vigorous role in lobbying for necessary changes in the existing laws, rules and regulations.
Kushalkar (1997) observed that the management cadre of labour co-operatives needed special type of training like keeping of accounts, liaison with work awarding agencies, their billing system etc. If basic facilities are created in this direction, then further reforms could be expected.

Misra (1999) found that the co-operatives have proved themselves as effective agencies for empowerment of the people. However, they had miles to go before the whole country vibrates with co-operative institutions where involvement of people is optimum and member-participation and member management were supreme. The Government should reaffirm its faith in the ability of the co-operatives to empower the people by acting as a fostering agent of their growth and lessening its control substantially. This will give a real booster to the potentiality of co-operatives to act as viable agents of socio-economic charge by utilizing the resources of the people and channelising their energies in a most productive manner.

Balock et al. (2000) described non-financial support systems for private rural organizations (including small food processing businesses). Lack of a broad development vision, insufficient professionalism, dependence on external finance, and lack of synergy between different supporting institutions affected the performance of co-operatives.

Singh Balwinder (2000) evaluated source-wise and farm stratum-wise the nature and extent of credit. The relationship between credit and area under cultivation, area under high yielding varieties, use of fertilizers, productivity and concentration of resources were examined in the present study. The author examined that the Green Revolution has disappeared gradually in India. The peasants were in crisis because of less remunerative nature of farming. As a result, the issue of indebtedness of the peasants had risen. The book evaluates the nature and extent of rural credit along with the growth of agricultural production and the process of farm mechanization. He also provided the statistical information of the case study conducted for collecting the primary
data in Punjab. The growth of rural institutional credit across the peasant strata and the change in the pattern of distribution of this credit was also studied. Regarding supply of credit to different sections of farmers, the role of institutional (commercial and co-operative) as well as non-institutional sources and the problem of overdue were investigated. The author also examined the causes determining the extent of credit, the determinants of overdue and in this context the economic position of different categories of farmers. Further it was explained that there was a big increase in loan per borrower and even after three decades of nationalization of banks, the main source of credit for farmers were the private money-lenders.

Singh Katar et al. (2000) distinguished co-operatives from other forms of organizations and highlighted the important place they occupy in India’s rural economy. He examined their contribution to rural development defined as a set of desirable societal goals such as increase in real per capita income, improved income distribution and equitable access to education, health care, and employment opportunities. It also identified and briefly discussed some contemporary issues in the management of co-operatives and outlined strategies for their resolution. Despite their overwhelming importance in India’s rural economy, most of the co-operatives suffer from a variety of internal and external problems. The major constraints include: the lack of professionalism in management, an archaic co-operative law, excessive control and interference by government, lack of good elected leadership, small size of business and hence inability to attain financial viability, lack of performance based reward systems, and an internal work culture and environment not congenial to the growth and development of co-operatives as a business enterprise. It is argued that rural co-operatives need to be democratically governed by Boards of Directors elected by their members, unshackled from the archaic co-operative laws, liberated from unnecessary government controls, and managed professionally, if they are to survive and grow in the new era characterized by deregulation, privatization and globalization.
Srinath (2000) stated that the co-operatives have to focus on employee satisfaction, professionalization, performance appraisal system, and participatory decision-making. The co-operatives should make use of the human resource in such a way that the employees can give their best to the organization. At the same time the employees should be treated as a valuable asset with adequate training to fulfill the objectives of the co-operative society and to the utmost satisfaction of the members.

Battaglia et al. (2001) reported that co-operative aspects to production in the area ensure technical assistance and training input. Four factors were identified for the success of these enterprises, the favorable microclimate, professionalism, the co-operative form of organization, and the image the area has built up over the past two decades.

Dubhashi (2001) observed that women could play a valuable role in co-operatives. But at present their place and presence in co-operative is marginal. He reported that without proper marketing of agricultural produce through the agencies of strong co-operative marketing institutions, the farmers would not get remunerative price and attempts to increase production with the help of borrowed funds would get frustrated and the co-operative credit would be counterproductive.

Gonzalez and Gomez (2001) highlighted the possibilities and limits of agrarian professionalization in Spain from the point of view of the opinions and attitudes of the farmers for whom agriculture is their principal activity. In a survey in spring 1998, a total of 3370 farmers were interviewed. The younger the farmer, the larger the holdings, and the more market oriented the type of farming, the higher the probability of the emergence of profession type or business-type identities. Educational experience of the farmers and the type of farming were the two principal factors explaining the identity phenomenon. The next most important factors were size of holding, the farmers’ ideological position, and their associative habits.
Katar Singh et al. (2001) identified certain critical issues in professionalizing the management of agribusiness co-operatives in India, such as lack of professional managers having appropriate values and ethos, lack of appropriate curricula for training co-operative managers, dearth of good teachers and trainers, excessive government control and political interference, loss of focus on the prime objective, lack of good leadership, poor board-management, small size of business and inability to hire managers, lack of performance-based reward systems and poor work culture and environment.

Naik, G. (2001) felt that marketing co-operative have major role to play as they can provide extension services with respect to production and value addition technologies and practices, establishment and implementation of grades and standards and providing other infrastructure and training facilities.

Prabhu and Shenoi (2001) highlighted the causes of weakness of co-operatives as structural inflexibility, over dependence on resources, poor loan repayment, absence of business planning and development, lack of professional management, systems and procedures and restrictive co-operative law and negative government attitude.

Ramesh (2001) reported that active participation, especially of honest, creative and dedicated people in the village co-operative needs to be encouraged by the people themselves in their best and long objective interests. Wasted as well as selfish interest in the name of political and other prejudices need to be isolated sharply to achieve the maximum socio economic welfare of the villager.

Prakash (2002) made following suggestions to improve the efficiency of agricultural co-operatives: respond to the needs of the members thereby encouraging member participation; provide technical support in areas of marketing and supply; enhance economic returns to members through value-addition; deliver adequate and timely credit facilities leading to higher productivity, offer a high level of market information enabling better business
decisions; demonstrate a high level of managerial efficiency leading to a better goodwill; adopt open attitude towards joint ventures and collaborations.

Shah (2002) observed that co-operatives act more, as delivery outlets for the government development programmes and economic objectives of members remain back-seated. He further observed that most of the co-operative leaders are not competent enough in perceiving sound development plan, gathering resources, taking risk, seeing the venture succeed, having a vision for growth, commitment to constructive change and providing added value to society, based on their independent initiative.

Shah (2002) pointed out that lack of awareness, unity, education, leadership and low level of member economic participation are the common maladies which most of the co-operatives are confronted with. Only education can overcome these and create enlightened membership and forward looking leadership, so vital to co-operative development.

Sharma (2002) observed that if the managerial personnel of the co-operatives were efficient and were professionally competent, the goals of the co-operative organizations would be achieved quickly and at a minimum cost. The co-operative managers, however, have to be clear about their role perception and freedom of operations.

Singh (2002) felt that co-operatives could have a bright future in India if they are transformed into member-owned autonomous organizations governed by their members, managed professionally and liberated from unnecessary legal and government control.

Singh (2002) reported that for the success of rural development, organizations should be owned and controlled by them, should have good leadership and the management should be accountable, sensitive and responsive to the needs of its
stakeholder. Besides, it should have flexible and transparent operating policies and systems and in-built mechanism for learning.

Vagganavar and Ravichandran (2002) found that the education and training are considered as two wheels of chariot to make co-operatives a success. The existing and new staff will need to acquire new knowledge, skills, attitudes and perspective on a continuous basis and this is possible only through proper education and training.

Bhuimali Anil (2003) discussed rural co-operatives and their impact on the rural economy. The author explained that the Indian farmers needed credit for agricultural purpose which was available from the private money-lenders, but the credit supplied by them was at a very exorbitant rate of interest. Naturally it was beyond the reach of agriculturists. Similarly, Government loan was available at a very limited extent. In order to meet the credit demand of the farmers at a soft rate of interest, Indian Government passed the Co-operative Societies Act to overcome the problem. In various countries, co-operation had been used as an institution and instrument of economic development. The co-operative societies in rural sector played a big part in America, Western Europe and even in Israel to raise the level of productivity in agricultural and in turn assist in the process of reaching the high growth in the respective national economies. The author presented three case studies to explain the activities of such societies in the rural India and their consequent impact on the economy. First case study explained the impact of a limited liability society, second case described the impact of an unlimited liability society and the third presented the impact of agricultural marketing society on rural areas of West Bengal. The author stated that co-operatives had played a significant role not only as instrument of economic growth, but also influenced the people towards social and economic changes by way of adopting innovation and technology. The author suggested that co-operative legislation should be made in such a form so that the co-operative movement would become free and democratic.
without any external disturbances on it and would guarantee economic development and the betterment of the condition of every member by full utilization of local resources through co-operative enterprises and realization that the society is his own instead of thinking it as a government society.

Dabas, J.P.S. (2003) found that among the variables that were found to be influencing professionalism in order of their strength; are group cohesiveness, income, education of the members and knowledge about principles of co-operation followed by the variables; faith in people, attitude towards other fellow members in the co-operative and group motivation. All these were however contributed only to the extent of forty per cent to the variations in professionalism. He had also reported that variables like land holding, social participation, attitude towards co-operative societies, gender, caste, occupation, family type, family size, herd size and experience in co-operative society did not influence professionalism.

Gill Anita (2004) attempted to study the popularity of the informal lenders in the agricultural sector, despite a numerous of institutions providing credit to this sector. The study was carried out in twelve villages of two districts in Punjab. Punjab is an agriculturally advanced region in India. Although much attention recently had been devoted to agrarian credit markets, the private moneylenders' grip on rural life and the pitiless exploitation of borrower’s remains undiminished. The present study also revealed the dominant position of the moneylenders in a new form- that of a commission agent, who interlinked the credit market with the output market. Credit was given to agriculturists on the guarantee of sale of crop to the commission agent, who further sells it to government agencies. Payment of sale of crop was also made through commission agents, who deducted their loan amount before finally paying the cultivators. The commission agents displayed a greater foresight than institutional sources, by not insisting on land as guarantee. The rates of interest charged were exorbitant, but the cultivators were forced to pay it,
because institutional credit was just not adequate as well as bulky procedures were involved in obtaining a loan. The reform measures, particularly a redefinition of the priority sector and allocation of funds for this sector have failed. The result was constant exploitation of cultivators, and high burden of debt was found. The researcher made an assessment of reform measures which revealed that the entire focus was not in line with requirements and that’s why alternative policy measures were needed to overcome the situation.

John Mugambwa (2005) explained in the article the ups and downs, reasons for the failure of the movement and current attempts of the Papua New Guinea Government to revive the cooperative movement. The author discussed the values, principles and organizational structure of the co-operative movement. The basic aim of the co-operative movement was to improve the economic welfare of the members. The author explained that co-operatives were particularly suited to rural people with low income. By forming co-operatives; people could contribute funds to provide themselves with facilities, which as individuals they would not be able to afford. It was a suitable way of encouraging the common people to participate in the economic development of their local area and the country. Because of the nature of the composition of their membership and the distribution of surplus income earned by the association, co-operatives ultimately facilitate a wider distribution of wealth to the population than ordinary companies whose shareholders are usually an exclusive class of relatively rich people. He further narrated that the co-operative movement was launched in Papua New Guinea in 1947, when the Australian Colonial Administration established a “Co-operative Section” within the Department of District Services and Native Affairs. The Administrators encouraged the indigenous people to form co-operatives to promote socio-economic development. Their motive was partly to stimulate economic activity amongst Papua New Guineans. Throughout its initial stages, the co-operative movement mainly consisted of simple village trade stores. Under the Government's encouragement and guidance the movement quickly
spread. The area of activity became more diversified, from consumer societies to marketing of primary produce, especially, coffee, cocoa and copra. A co-operative education centre was established to provide training in the various elements of business and management of co-operatives in accordance with the co-operative principles. Unfortunately, the steps taken by the Administration were rather late and the people's faith in the co-operative movement rapidly declined. The author described that the failure of the co-operative movement was due to over-enthusiastic bureaucratic interference in the management of co-operative affairs which was disliked by the members, inability to attract large capital investment, mismanagement and competition from private companies. Co-operatives were also subject to more control and supervision than were ordinary corporations in their management and activities. Indeed, in many countries, government interference in the running of co-operatives was often cited as one of the main reasons for the failure of the co-operative movement. The author insisted that it was necessary to encourage effective and meaningful participation of ordinary people in the rural communities and villages in the national development process to achieve economic prosperity, enhance progress on communal welfare and to restore dignity to individuals through the Co-operative Society Movement.

Das Banshree, Dr. Palai N.K. and Dr. Das Kumar (2006) discussed the problems and prospects of cooperative sector in India. India is basically an agrarian economy with 72 per cent of its total population residing in rural areas. The author explained that co-operative system in India has the capacity and potentiality to neutralize the adverse effects emerging from the process of globalization. Following economic liberalization under the new economic environment, cooperatives at all levels are making efforts to reorient their functions according to the market demands. The study indicated that modern cooperative movement made a tremendous progress in India in every activity and occupies a major place in the share of the national economy. The paper examined the causes of slow progress and highlighted the emerging role and
challenges of the co-operative sector. The co-operatives have inbuilt advantages of tackling the problem of poverty alleviation, food security and employment generation. The paper focused on several pitfalls and shortcomings like: poor infrastructure, lack of quality management, over-dependence on government, dormant membership, non-conduct of elections, lack of strong human resources policy, absence of professionalism, etc. He suggested developing strong communication and public relations strategies which can promote the concept of co-operation among the masses and by developing effective strategies to overcome existing weaknesses for continuing growth of the sector.

Goel B.B. (2006) stated that the Indian co-operative movement was probably one of the largest, strongest and the oldest in the world with widespread spatial coverage, diversified business activities and success stories. The co-operatives structured around the Rochdale principles and Raiffeisen model. The movement passed through a number of phases such as speedy and hurried multiplication of societies, rehabilitation and amalgamation, functional and structural differentiation at all levels. They played a tremendous role in harnessing natural resources (irrigation co-operatives in Maharashtra), physical and social infrastructure (education, health), technology upgradation (artisans, tools, bio-fertilizers, and pests), etc. Understanding the key role of the co-operatives in the economy, the author explained that co-operatives were organized in areas like-credit, marketing, distribution, dairy development, industry, sugar, handlooms, labor, housing, poultry, farming fishery etc. The Co-operatives also contributed in the success of Green, White and Yellow Revolution. The author described that the co-operatives worked at various levels and explained the role of National Co-operative Development Corporation (NCDC) as the leading development financing institution with huge training infrastructure to promote sustainable development in India. The book is a comprehensive volume, which systematically described the co-operative scenario and administrative framework followed by an analysis of the
genesis, growth, various provisions, drawbacks and limitations of Co-operative Legislation both at State and Union Level.

Mathur Archana S, Das Surajit and Sircar Subhalakshmi (2006) examined the trends in the growth of agricultural production in India over the last one and a half decades, identified factors that affected agricultural growth and analysed constraints that affected the growth of the sector. The vast inter-regional variations in growth across the country emanating from area specific factors were also examined. The sector was burdened with underemployment, unemployment and poverty. A growing agricultural and allied sector is expected to contribute to overall growth and poverty alleviation. Increasing productivity of agriculture has been an important goal in developing countries. The paper examined that there was a steady increase in public investment upto 15 per cent per annum which would lead to an agricultural growth of 4 percent, associated with the projected growth rate in the Eleventh Plan. The other factors that were important for a higher agricultural growth were fertilizer usage and agricultural prices. There had been a constant decline in growth of the agriculture sector since 1990 onwards as compared to the 1980s. It was 4 per cent during the 1980s on an average, which came down to 3.2 per cent during the 1990s and 2 per cent in the last five years. Growth in real value of foodgrains production has been 3 per cent during 1990s and 5 per cent during 1999-2000 to 2002-2003, with minor improvements estimated during 2003-2004. The share of agriculture in Gross Domestic Product (GDP) was 29.76 per cent during 1993-94 to 1995-96 declined to 23.15 per cent during the period 2000-01 to 2002-03. This had serious implications on the nutritional status and food security of the country. State-wise trends in food grains production during 1990-91 to 2002-03 showed average growth rate of 2.58 per cent and the major five states viz, Madhya Pradesh, Tamil Nadu, Gujarat, Karnataka and Maharashtra have not only registered growth rates below average but also have actually registered negative growth in food grains during the period. In the concluding remarks the authors explained that the factors which affected the
growth of agriculture in India were government expenditure, population, public and total investment, credit, electricity, fertilizer usage, rainfall, irrigated area, agricultural prices etc. and suggested that public investment should be steady without government intervention.

Narayanmoorthy A. (2006) focused on the “State of India’s Farmers” a Survey commissioned by the Minister of Agriculture and carried out by the National Sample Survey Organization. The Survey brought out the pathetic condition of Indian farmers. According to the Survey covering 51,770 households and 6,638 villages across the country, the results of the surveys showed a pathetic condition of cultivator households. According to the survey, the average annual income of the farmer household was `25,380 which includes cultivation, wages, farming animals and non-farm business income. The income from cultivation accounts for only about 45% of the total income and the remaining receipt was from other sources including wage income, which alone accounts for almost 39%. It means the annual income from cultivation was only about `11,628 per farmer household, after excluding other sources. The result of the Survey sufficiently proved that farmer’s did not get enough remuneration for his produce because of sharp decline in the growth of prices of many agricultural commodities and increase in the cost of cultivation after the economic reforms. However, it was suggested that government needs to regulate both input and output markets, the sale of spurious inputs must be stopped, yearly announcement of minimum support prices, the role of middlemen should be controlled considerably by involving producers in the market activities. Despite the significant increase in the flow of institutional credit, the data showed that still over 42% of rural credit supply comes from the non-institutional sources like moneylenders. The policy of repetition of credit to the agricultural sector at a reasonable rate of interest should be pursued through programmes such as credit widening and credit deepening so as to reduce the indebtedness of rural areas.
Swami H.R. and Gupta B.P. (2006) examined the necessity of the co-operatives in sustaining rural economy. The author explained that India is a country of villages. Majority of the population (72%) of the country lives in villages; Sixty per cent working population of the country is dependent on agriculture and its allied activities for livelihood. The rural economy is the main base of Indian economy which contributes 18 per cent share in national income. The author presented his study in three sections, first two sections exhibited a searching analysis of many aspects of rural development, especially concept, significance, current issues and strategy of development as well as various rural development schemes, role of NGO’s etc. while section third dealt with various aspects of co-operation such as concept, principles, origin of the co-operative movement in India and abroad, and co-operation during planning period etc. The author arrived at the conclusion that India can achieve the target of sustainable development only through rapid rural development with the help of co-operatives, particularly under the conditions of globalization.

Muley S.S. (2007) stated in “Role of Co-operative Banks in Rural Credit”, that to uplift the rural population, financial support was necessary, it was an essential requirement of farm and non-farm sector. These sectors need short, medium and long term loans for their operations. Co-operative banking was the cheapest and best source of rural credit. As per the fundamental principle of co-operation, the co-operative credit was based on the principal of mutual help service objective rather than profit objective. The PACS's and DCCB's provide short term and medium term loan and PCARDB’s and SCARBD's provides long term loan in rural areas. The loan issued by PACS increased from ` 8474 crore in 1994 to ` 33996 crore in 2003 indicating an increasing trend during the period 1991 to 2003. But the share of co-operative credit institutions in agricultural credit declined from 44% in 1997-98 to 34% in 2002-03. The study revealed that recovery performances of co-operative banks was not satisfactory. The researcher discussed the problems of co-operatives i.e. lack of necessary funds, delays in sanctioning loans, effective supervision verification of actual
utilization of loans, political interference, unsatisfactory recovery performance, lack of adequate and trained staff, high cost of management, etc. He suggested measures such as review of co-operative law, adoption of new technologies, computerization, good communication network, tightening of supervision and monitoring of operation, removal of political interference, training and incentives to staff, etc.

Pagar Sudhakar K. (2007) discussed the impact of Sugar Co-operative Industry on Rural Development. Agricultural development naturally deals with the development of farmers. Sugar Co-operative Industry played a vital role in uplifting their level of income and standard of living. The author concluded that the working and growth of sugar co-operatives in the State of Maharashtra made a significant contribution to the growth and development of entrepreneurial skills, technical knowledge, production and recovery of sugar, capital formation and employment generation etc. which brought about socio-economic development of the State.

Ramesh D. (2007) presented the performance and challenges of Maharashtra District Central Co-operative Bank in rural credit delivery system. He stated that the main issue in new millennium was to reorient the functioning and management of the co-operative institutions. There should be a well conceived action programme to provide specified guide points to co-operatives; obligation of professionalism and efficiency, introduction of modern technology, systematic training through effective interplay of inter co-operative relationship, mobilization of resources, and enhancing participation of members in decision making process and reducing dependence on government assistance. The study revealed that co-operatives had played an important role in promoting agricultural and rural development in India, particularly in the field of credit, supply of inputs, processing and marketing of agricultural produce. Due to adoption of globalization, the co-operatives in India were facing several problems. Co-operative movement in India cannot be developed
in the 21st century unless the government strengthens the base of the movement, which will be helpful to the agricultural and rural development. Quality consciousness, cognizance of global competition, devoted membership, and urge for co-operative spirit and exclusive loyalty of the members are necessary features in the co-operative movement. The researcher stated that the professional leadership was a perquisite not only for creating and nurturing a co-operative organization but also for providing a vision, inspiring and guiding both the members and the management. He suggested measures such as need for viable financial system, political appeasements, mobilization of deposits, restructuring of co-operatives, pattern of credit utilization and linkage with self-help groups.

Satish P. (2007) concluded that after 1991, financial sector reforms systematically undermined the institutional credit arrangements for agriculture. The RBI and the Government had emphasized the importance of credit to agriculture many times. But past one and half decade showed depressing scenario of rural economy, declining public capital formation in agriculture and the declining growth rates in agriculture. The paper examined that the financial sector liberalization has led to a debilitation of institutional framework for agricultural credit. The rural branch network saw a tremendous growth after nationalization of banks in 1969, from 17.6% in 1969 to 58.2% in 1990. Even, as the RBI liberalized the policy for the closure of rural branches on the base of viability and lack of profitability it declined by 51.7% in 1994-95 and to 44.48% in 2005-06. The paper suggested that for the successful promotion of the deepening of rural financial markets, to ensure uninterrupted flow of credit to agriculture, systematic rather than isolated action should be undertaken on several fronts, i.e. handing over the entire supervisory responsibility of commercial banks to NABARD to ensure a better and systematic monitoring and supervision of flow of credit and other financial services to agriculture on account of its deep understanding and knowledge of the sector and strong field level presence. For the revitalization of the co-operative banking sector, Central
and State Governments and NABARD should work on speedy grounding of the reform package envisaged under the Vaidyanathan Committee report on short-term co-operative credit structure. RBI has to continue refinancing exercise through NABARD by resuming ground level credit at a reasonable rate of interest. Capital formation was an immediate need to strengthen the arrangements for resources for refinancing investment credit to agriculture.

Vinayagamoorthy A. (2007) discussed the “Globalization and Co-operative Sector in India”. In India, year 1991 marked the beginning of a new era in economic policy. To encourage privatization, policy changes such as deregulation of state investment in infrastructure, manufacturing etc. provided for new direction and affected almost all the sectors of the economy including co-operative sector. But the reform measures under the economic policy, mainly concentrated only in removing the fetters on private enterprises and in stimulating higher economic growth by promoting industrial sector. The rural and agricultural sector remained somewhat neglected and also the effect of economic reforms on the economic fortunes of the common people was overlooked. Throughout the reform decade i.e. from 1991 to 2000, the role and relevance of the co-operative sector remained in the background, in spite of its predominant position in various fields of Indian national economy. The author stated that the transition from controlled economy to open competitive economy in the name of globalization or liberalization has thrown a whole lot of challenges to the co-operative sector. The author explained that in a developing economy like India with huge deficits in terms of quality and quantity, the State had to accept the primary responsibility of providing co-operative credit. It was the primary duty of the government to ensure easy access of co-operative credit and it was need of the hour for the co-operative sector in the era of liberalized environment to seize every opportunity available. The future vision of co-operative movement would have to be based on efficient parameters relating to promotion of excellence, improvement of operational efficiency and strengthening of financial resource base.
Balasaheb Vikhe Patil (2008) studied rural indebtedness in India. It was found that it has remained an important issue and an obstacle for development. The paper examined that the formal institutions offer poor quality service through inadequately manned branches. The declining profitability of agriculture, rising commercialization with weakened support systems, decline in public investments, ineffective and inadequate risk mitigation arrangements, absence of technological breakthrough in reducing costs or increasing productivity, the rising input prices, insensitive rural institutions and extremely poor quality and coverage by formal credit institutions and lack of stringent action in supply of inputs and periodic natural calamities have contributed towards the manifestation of agrarian crisis in the Indian economy. The paper discussed The Expert Group Report of R. Radhkrishana on the problem of agricultural indebtedness. The share of co-operatives in total agricultural credit declined from 74.90 per cent of short term credit in 1975-76 to 33.2 per cent in 2005-06 and from 61.2 per cent of long-term credit to only 6 per cent in the same period. It was observed that the co-operative banks has a much higher risk profile as compared to commercial banks that are able to diversify in the whole country and across all sectors, whereas the co-operative banks by design have area and sectoral restrictions. The paper examined that agriculture had suffered due to long neglect and inadequate allocation of resources. This article pointed out that improvement in credit delivery would help, but a correction in planning strategy is more important and the credit measures alone will not tackle the problem.

Kavitha M. (2008) in an comprehensive study on the “Co-operative Movement in India- with Future Perspective”, stated that there was no doubt that the co-operatives played a lead role in building a viable model of development. Co-operatives not only seek to satisfy basic social and economic needs but also permit local development and sustainable use of resources. Future perspective was also underlined i.e. increased competition and regulation of local markets: co-operative associations enabled their members to access markets under better
technological conditions which not only raise productivity and competitiveness but also reduce negative consequences on the environment. In conclusion, the author stated that co-operatives have not really helped members to improve their position for fight against those who exploit the farmers and restrained their development. Poor infrastructure, lack of quality management, over-dependence on government, dormant membership, non-conduct of elections, lack of strong human resources policy, neglect of professionalism, etc. were the limiting factors. Co-operatives were also unable to evolve strong communication and public relations strategies which could promote the concept of co-operation among the masses.

Umdor Sumarabin (2008) presented the analysis of the behavior of rural household of northeast uplands of India in the borrowing and use of credit. The researcher quoted that the role of credit is very critical in enabling the poor to overcome poverty. There are evidences to show that access to credit is positively correlated with the decline in rural poverty and increase in secondary and tertiary output (Burgess and Pande 2003). In India, the government has been actively involved in promoting development of the banking sector in the rural areas as part of its strategy to institutionalize credit. However, the financial development that took place in post-bank nationalization period had resulted in lopsided development with the distribution of institutional credit to the rural areas, particularly for agricultural purpose, being very low in the case of states in the northeastern region (Mohan R 2004, Sidhu and Gill 2006). The paper explained that the people were mainly dependent on the formal credit needs. Overall, the maximum number of loans was supplied by the formal credit agencies, namely commercial banks. The failure of the co-operative banks/ societies in meeting the credit needs of rural households in the uplands areas was supported by the findings of the baseline survey where none of the households identified co-operative societies as a source of credit. The survey showed that amongst informal sources, it was friends and relatives, and not the moneylenders that were a prominent source of credit for the rural households.
The analysis of use of loans and the source of borrowing also showed the significant association with loans from formal source being used more for productive purposes and loans borrowing from informal sources were mostly use for consumption purposes. Also, loans for productive purpose were significantly larger that loans borrowed for consumption purpose. This finding supported the presumption that the informal sector was more effective in financing small borrowers than the formal sector, and also pointed out the importance of the informal sector in fulfilling the credit requirements of upland rural households for requirements other than productive activities.

None of the studies have focused on the financial performance of Primary Agricultural Marketing Co-operative Societies. The present study seeks to fill this gap. This study is an attempt to enrich the already scant literature in this area.