CHAPTER X

SUGGESTIONS

On the basis of findings of the field survey of the 25 selected Gaon Panchayat level multipurpose societies in different places of Assam and also data collected from secondary sources, certain suggestions are made for improvement of the functioning of the Gaon Panchayat level multipurpose societies in Assam. The suggestions are grouped as under-

1. Consumer Business

1.1 The G.P. level MPCS are engaged in stock of very limited range of consumer goods, mainly food stuffs, which have been made available to them by the Government as part of the schemes for distributing goods at fair prices so the societies should enlarge their range of consumer goods in such a way that they are able to meet the requirements for the basic and essential goods of the rural community. Where societies function as agents of government in the distribution of food stuffs, the margin of handling should be fixed by the government in such a manner that the societies are able to meet the costs of distribution.

1.2 The G.P. level MPCS were mainly dealing in seven items including controlled commodities. There is however, great need of diversification of business. For this, supply line should be assured and strengthened. To find out and approach different sources for getting supply of different articles, a cooperative agency nearer to the G.P. level MPCS, at least in each sub-

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*G.P. Level MPCS - Gaon Panchayat level multipurpose societies.*
division, should be available. The cooperative agency may take the responsibility to supply various articles at cheaper rates to the G.P. level MPCS. In this respect, the 'STATFED' will be in a position to manage the situation.

The 'STATFED' being the apex cooperative body of the State with highest expertise, is in a position to arrange supply of most of the goods at cheaper rates by procuring them from the sources for ultimate disbursement through G.p. level MPCS only.

1.3 At the same time, financing bank may be directed to extend cash credit facility to the deserving societies for diversification of business. Currently, the G.P. level MPCS are entitled to avail cash credit facilities in respect of seven items only, viz. (a) rice (b) wheat products (c) sugar (d) salt (e) mustard oil (f) kerosine oil and (g) controlled cloth.

1.4 In the business of rice, sugar, wheat products and mustard oil, higher margin of profit to G.P. level MPCS may be allowed. Subsidy on transportation should also be granted to the societies. In order to reduce the expenditure of the societies the District/Sub-divisional supply offices should mention in the allotment order the name of Depot-from where the commodities are to be lifted. The allotment order should be given on ready stock.

1.5 The following consumer articles may be supplied by the G.P. level MPCS. Staple cereals, sugar, salt, kerosene oil, edible oils, tea leaves, other food articles, utility textiles, agricultural implements and tools, small...
tillers, (depending on the demand), first aid medicines, household appliances and utensils, toiletries, stationary and school supplies, rain coats and umbrellas, footwear commonly used by rural people, etc. The goods so stocked should be such as have a ready market and fast turnover in the rural areas so that the capital and warehousing space does not get locked up.

1.6 As the G.P. level MPCS rarely get required quantity of quota for distribution to their members it is necessary to increase the quota as also the lifting of the entire quota.

2. Procurement

2.1 The procurement of Paddy is a very important business of the G.P. level MPCS specially in the surplus area. But the procurement and marketing of agricultural produces by the G.P. level MPCS in the state has registered a sharp decline following abolition of monopoly procurement of paddy and rice by the Government through the cooperative in 1976-77. The role of the cooperatives in this field is now limited only to Price Support Schemes in regard to paddy and Jute. The procurement should be made by the samities directly from the producer without going through the middlemen. Again, samities incur heavy expenditure in bringing paddy from the producers and in delivering to the godown of the procurement agent at a distance upto 24 K.M. The Samities are not allowed to charge transport cost for its service. Therefore the delivery zone may be reduced from 24 K.M. to 8 K.M. The producers should be encouraged to sell paddy and other produce to the samity and thereby credit and marketing will automatically be linked.
2.2 In addition to paddy and jute, the G.P. level MPC5 can procure local produce like mustard seed, matikalai, pulses and coconut if agencies like the Jute Corporation of India and STATFED agree to purchase the entire stock with the samities at a fixed price, or by paying commission on the market rate. It is also necessary that some genuine difficulties in procurement are to be removed by the concerned authorities.

3. Credit

3.1 The procedure for getting loan leads to inordinate delay. There should therefore, be a simplification of procedure in sanctioning and disbursement. This point needs to be considered with a view to advance crop loans to deserving person promptly. The crop loans are the short term credit facilities provided to farmers for meeting the cultivation expenses of various crops, in part or in full. Expenses of items like seed, fertilisers, pesticides and labour employed in utilising these inputs, irrigation charges, expenses on Post-sowing operations, harvesting, processing and marketing are also covered by the crop loans.

3.2 There should be number of "Scale of finance" to offer the farmer a series of progressive techniques. Financing bank should follow the "Scale of finance" suited to the farmer's individual needs. As the cooperative society deals with a number of individual borrowers, it is impracticable for it to assess the credit requirement of each cultivator on an individual basis. If such an individual treatment is to be given, it may lead to nepotism or disqualification. The credit need is, thus, fixed only on average basis - on a particular scale, for a particular crop. The scale of finance may be fixed for compact areas, depending upon variations in natural conditions such as rainfall, moisture
facilities, type of soil, level of improved agricultural practices in vogue etc. Separate scales of finance should be fixed for irrigated and non-irrigated areas.

3.3 There is a big gap between amount applied for and amount sanctioned by the financing banks and the actual disbursement. This is mainly due to the non-availability of animals, materials and in some cases reluctance of the applicants to avail loan even after the sanction. The loans are generally availed for plough cattle and productive schemes like dairy, piggery, duckery, goat keeping etc. But very small amount is availed for small industries, agro-industries, irrigation etc. though it is felt that much more loan should be availed for irrigation, agro-industries and small industries. This may be possible if people can understand the utility and benefit of credit.

3.4 The government has exempted societies in respect of declaration of charges on land for short term (ST) and medium term (MT) loans upto a limit of Rs.5000 per member who are allowed to obtain loan irrespective of recovery percentage of the societies provided the arrear demand is covered by Bakijai proceedings. However, many banks are reportedly insisting on land certificates from loanees and recovery performance of 50% to 60% of overdue on a precondition for issue of fresh finance to non-defaulting members. Such practices should be avoided and government directives should be followed.

4. Managing Committee

4.1 According to the bye-laws of the G. P. level MPDS, the Managing Committee should consist of 12 elected members out of whom 8 must belong to the weaker sections of the community. It has been noticed that the Managing
Committees of some of the selected societies have not been formed with the minimum of 8 members belonging to the weaker sections of the community. This situation must be rectified.

4.2 It was also noticed during field investigation that not much attention was given in the meetings of the General Assembly of the society, where the election of the members of the Managing Committee is held, as to whether there was attendance of at least two thirds of the shareholders belonging to weaker sections of the community. It may be necessary that in the General Assembly of the Society, two-thirds of the shareholders belonging to the weaker section must be present to make a quorum.

4.3 In the system of general assembly meeting some modification seemed to be necessary. It is seen that very big crowds assemble in general meeting and in many cases, the chairman fails to control the meeting. Since there are no election rules and voting is taken in one booth, casting of votes in many places continue for the whole night. It is necessary that election takes place on the day next to the annual general meeting and there should be more than one polling booth and polling time should also be fixed. Besides, election rules should be framed and introduced for smooth running of the affairs.

4.4 The term of the chairman and the vice-chairman which is for a period of one year should be extended at least for two years by amending the byelaws. One year period is too short to understand the affairs and working of the societies by the newly elected chairman and vice-chairman.
5. Secretary and Staff of the Societies

5.1 At the time of appointment pay scale of the secretaries provided by the cadre Management Society was Rs.300-575. The Secretaries are today getting only Rs.300 as a consolidated pay and Rs.40 as other allowances on the basis of the 1975 pay structure. The government should carefully consider the matter and should increase their salary as has been done for government employees.

5.2 Till now Secretaries are not getting their pay regularly from the cadre Management Cooperative Society. The 'Cadre Management' society must make their payment regularly. Otherwise, the Secretaries are forced to draw their salaries from the Societies fund subject to adjustment by the 'Cadre Management' society.

5.3 Some G.P. level MPCS have a huge staff-strength. But there is no reason for engaging so many persons in the societies. For managing the societies, very limited number of persons should be employed. It is felt that for managing a G.P. level MPCS, in addition to the Secretary, one assistant and one chowkidar are necessary. Any staff in addition to this should be entertained with the prior approval of the concerned Assistant Registrar.

5.4 The Secretaries appointed by the 'Cadre Management' and Secretaries appointed by the 'Managing Committee' should be given intensive training in accounting procedure, financial disciplines, maintenance of books and Registers, business management, simple banking system etc.
6. Rent for Shop and Godown

6.1 It was observed during field investigation that huge amount of money was spent on hiring of godowns and shop even if the society was running at a loss. This expenditure can be reduced with the construction of godown-cum-shop by the societies. Of course, government had sanctioned grants and loans for construction of godown-cum-shop to majority of the G.P. level MPCS. If all the godowns are constructed expeditiously, problems of godowns will be solved to a great extent.

7. Administration

7.1 In the sub-divisional level, the Asstt. Registrar of cooperative societies is burdened with heavy load of work. Reorganisation in the offices of the Asstt. Registrar of cooperative societies is necessary. If a Sub-Registrar is posted under control of the Asstt Registrar with necessary delegation of powers under the 'co-operative Act', he will be in a position to give much attention to G.P. level MPCS.

7.2 The Asstt. Registrar of cooperative societies of all the sub-divisions should keep constant watch on the cases of misappropriation that frequently occur in the G.P. Level MPCS.

7.3 If the societies have not submitted their reports and returns on time, the Registrar of cooperative societies should take necessary action to ensure timely submission of reports and returns.
8. Audit and Supervision

8.1 In the annual general meeting of the G.P. level MPCS, a very important item on the agenda is to place the audited account of the Samities. The audit should be completed at least 2 or 3 weeks before the meeting. It is seen that audit of the majority of the G.P. level MPCS by the departmental officers is not completed before the due date of the Annual General Meeting. It should be ensured that audit is completed in time.

8.2 The defective audit system of accounts is subjective in character and is not likely to bring about any healthy change in their structure. Objectivity can be achieved if the working of the societies is judged under several heads, viz. development of thrift, increase in the volume of transactions, collection of loans in time, supply of agricultural and domestic requirements of members, marketing of the produce by members, maintenance of accounts and rectification of defects. Marks should be allotted to each aspect of the working of societies, maximum marks being fixed for each item and appropriate marks awarded to the societies on the basis of their performance under each head. The total marks obtained by a society can help determine the class which can be awarded to it. If such a procedure is adopted, it will be easy for the auditors to assess the working of societies on the basis of definite criteria.

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"Co-operation sector in India after Independence" by Samiuddin and Mahfoozer Rahman. Page. 422.
8.3 It is also necessary that the auditors, in order to be effective, should not be merely conversant with the technique of auditing. To understand the problems of co-operation, they must also fully appreciate the philosophy, theory and practice of co-operation. They are not supposed to be merely the watchdogs of accounts but should also be good cooperators and must go beyond the books of accounts in the light of the co-operative philosophy. In this capacity, they can function both as advisers and as guardians of the movement.

Supervision:

8.4 For effective supervision and coordination of various activities of G.P. Level MPCS, the Senior/Junior Inspector-cum-Auditors of cooperative societies should be located at Block Head Quarters instead of being at the sub-divisional Head Quarters.

8.5 The need for ensuring an efficient machinery for supervision of co-operative societies has been emphasized by various committees. According to Maclagan committee:

8"It is important to recognize that societies are chiefly composed of uneducated members, that the problems which confront them are not always easy and that the handling of money involves certain temptations. These condi-

7 ibid : Page 423.
8 Cooperative-Sector in India after Independence by Sami Uddin and Mahfuzur Rahman, Page. 423.
tions call for certain precautions, the enforcement of which requires much hard and uninteresting work".

The All India Rural Credit Survey Committee observes as under:

9 "Supervision has the important aim of promoting and not merely testing the efficiency of a society; it seeks to ensure that the defects noted in the audit have been rectified and that the operations of the society are undertaken on business-like and genuinely cooperative lines".

10 The practice of combining the functions of audit and supervision in one person is undesirable as it is likely to lead to inefficiency. If the person who supervises the working of a society also audits its accounts, many defects in its working are likely to remain undetected.

Supervision is concerned with seeing to it that the work of the society is not only business-like and up-to-date, but genuinely co-operative.

9. Recovery of Loans

9.1 In almost all the G.P. level MPCS, the overdue position is between 20% for the short term loans and 50% for the medium term loans of the Society. There are many reasons for this overdue.

9 ibid. Page.424

Many of the loanees have used the money for unproductive purposes. For the smooth working of the cooperative system, it is necessary that repayment should be regular, and the loans should be used for productive purposes. Loans for immediate periods for productive purposes such as the purchase of bullocks and implements and for certain non-productive purposes such as ceremonial expenditure, might be advanced by a society to the extent of its own resources in share capital and reserves. The period of such finance should ordinarily be three years which might, in exceptional cases, be extended up to five years by a society in a strong position.

9.2 A joint action plan should also be made by the cooperative Department and the concerned Bank for recovery of overdues. Firm action should be taken against wilful defaulters.

10. **Rate of Interest**

10.1 The present rate of interest on which short term (ST) loans are issued is 13 percent. It is suggested that this interest rate should not exceed ten per cent.

11. **Miscellaneous Factors**

11.1 The scheme for marketing of agricultural produce (other than paddy and jute) which was introduced in 1983-84 for marketing of such products as mustard oil, matikalai, wheat, coconut, etc. should be further improved by giving financial assistance to more societies by the cooperative Department.
11.2 Another suggestion is that as the products of village cottage industries are sold at non-remunerative prices. By undertaking wholesale and retail trade of such products the G.P. Level multipurpose societies can ensure remunerative prices, thereby assuring a good income to the producers.

11.3 The G.P. level multipurpose societies can play a major role in boosting the rural economy in various directions. They have, however, miserably failed in establishing small-scale industries. There is much scope for oil ghani, paddy husking, khandsari, chakki unit, brick field, bamboo and cane furniture industries, pineapple preservation unit, soap factory etc. in which these societies can function with success and make the dreams of cooperation come true.