CHAPTER-4

CO-OPERATIVE MOVEMENT IN ANDHRA PRADESH: AN OVERVIEW
4.1 Introduction

The State of Andhra Pradesh was formed in 1956. Before its formation some part of the State was part of Madras Province and some part the erstwhile Princely State of Hyderabad. Thus the State was formed out of the composite State of Madras with Hyderabad-State. On the basis of linguistic principle recommended by the State Re-organization Commission: in other words, the formation of new Andhra Pradesh State was the result of fusion of two regions, where namely, Telugu is the principle language spoken by vast majority of the people of Telangana and Andhra regions. In the beginning, Andhra Pradesh consisted 20 districts. At present the State has 23 districts which is the result of the creation of 3 new districts at different periods.

Andhra Pradesh is divided into three regions, viz., Telangana, Coastal Andhra and Rayalaseema. Each region has diverse political and economic background. Consequently, there are regional disparities in the respect of socio-economic characters, agricultural practices, general economic development progress and in the levels of industrial development. Andhra Pradesh is a miniature of India with fertile land and rich water resources. The state is ranked 5th in area and 4th in population in the entire Country.

This chapter deals with the development of Co-operative movement in Andhra Pradesh. It also focuses on the present position and the performance of various types of Co-operative Institutions in the state.

4.2. Socio-Economic profile of Andhra Pradesh

The total geographical area of the State of Andhra Pradesh is 2,76,754 square kilometers. The State has a broad strip of costal plain. It is located between 12° – 14° North and 19° - 54° north Latitudes and 76° - 50° East and 84° - 50° East Longitudes\(^1\). It is situated on the eastern side of the Peninsula and south–eastern part of India. It is bounded on the north by Orissa and Chatisghadgh, on the north-west by Maharastra, Karanataka on the western frontier and on the south by Tamil Nadu.

\(^1\) *Yojana, (Telugu Journal), November 15-30, 1993, P.38*
Figure 4.1: Andhra Pradesh Map

ANDHRA PRADESH
A map of Andhra Pradesh is given in Fig 4.1.

The state is predominately agriculture oriented because about 73 percent of the total population live in rural areas deriving their sustenance from the agriculture and allied activities. Out of the total population 49.45 percent are women. The total work participation rate in the state as per 2001 census as a whole i.e. 45.79 whereas in rural areas it is 50.92 per cent and in urban areas 32.22 per cent. The birth rate per thousand population which was 39.7 in 1961 improved to 20.1 in 2001 while the death rate per thousand population which was 25.2 per cent in 1961 declined to 8.0 per cent due to improved health facilities in the State.

Literacy is one of the indicators to assess the level of economic prosperity of the State. The literacy rate in Andhra Pradesh as per 1961 census was 21.2 which increased to 60.47 in 2001 census.

The geographical area of the State is 27.44 millions hectares. The total cropped area extends over 12.44 million hectares in 1956-57 which went upto 13.65 millions hectares in 2000-01 but plummeted to 12.52 million hectares in 2004-05. The total food grains production in the state which was 58.92 lakh tones in 1956-57 increased to a peak level of 160.28 lakh tones in 2000-01. Due to adverse seasonal conditions the food grains production in the state dwindled to 133.94 lakh tones in 2004-05.

On the irrigation front, to the end of the Eighth Five Year Plan five major projects have been completed, during the Ninth Plan period the ongoing major projects are twelve. At the end of the Eighth Plan period 61 medium irrigation projects have been completed and twenty projects were ongoing stage.

The proportion of expenditure on major and medium irrigation projects in the State to the total expenditure incurred on these projects in the country was 15.1 percent during the Second Plan period while it was 11.5 percent in the Seventh Plan period; 11.8 percent in the Eighth Plan Period and 11.7
percent in the Ninth plan period. That is to say that the proportion was hovering around 11.5 per cent from Seventh Plan period. Andhra Pradesh was a late entrant in the industrial horizon of India. Many more corporations such as APIDC, APSFC have come up during 1960’s and in the 1970’s. APITCO and APIIC have come into being for providing infrastructure facilities in the State. Apart from State Level Undertakings, the Central Sector Undertakings such as BHEL, HAL, BHPV, and Hindustan Ship Yard were also located in the State.

The total number of factories working under the Factories Act in the State was 3754 in 1956 which steeply increased to 14683. The New industrial Policy announced by the Government of Andhra Pradesh in 1990s is expected to help rapid industrialization by way of establishment of several new industrial ventures in the State.

On the informational Technology front, the Government is very keen in promoting the software industry in the State. In this direction, it provided 100 acres of land to the Wipro in Visakhapatnam, the second largest city in Andhra Pradesh is being developed as a Pharmaceutical City. An International Air Port is also proposed at Shamshabad in Rangareddy district, which is in close proximity of Hyderabad.

In Andhra Pradesh, education has been achieving rapid progress due to the efforts of the Government. The number of Primary Schools in the State which were 29,1332 in 1956-57 increased to 61,680 in 2004-05 and the Teacher-Pupil Ratio is 33 in 2004-05. The number of Upper Primary Schools which were a mere 273 in 1956-57 in the salute new to 16,667 in 2004-05. The Teacher Pupil Ratio is 30 in 2004-05. The number of High/Higher Secondary Schools, which were 733 in 1956-57 increased to 14,421 and the Teacher-Pupil Ratio was 33 in 2004-05.

The sector-wise analysis of the performance of the economy shows that there exists variations. A look at the growth rates of Gross State Domestic
Product reveal that during the period 1960-61 to 1982-83, the GSDP as a whole rose at a compound growth rate of 3.23 percent. While in the subsequent period, i.e., 1983-84 to 1988-89, it rose at a compound growth rate of 5.25 percent. During the period 1989-90 to 1994-95, a growth rate of 4.75 percent was observed while during the period 1995-96 to 2003-04, it revealed an impressive compound growth rate of 5.72 percent.

A glance at the sectoral growth rate of the GDSP in the state reveals that the Primary and Tertiary Sectors achieved the highest growth rates of 3.57 per cent and 7.42 per cent respectively during the period from 1995-96 to 2003-04. While Secondary Sector attained significant growth rate of 8.42 percent during the period 1989-90 to 1994-95. It can also be observed that in the total GSDP, Tertiary Sector contributes highest proportion.

A look at the financial position of the state reveals that the transfer of resources (Share of Central Taxes and Grants-in-aid) from Center to the State in 1956-57 was Rs.7.00 crores which went up to Rs.571 crores in 1982-83. During these 27 years, the transfer of resources from the Center to the State increased at a compound growth rate of 15.95 percent while during the period 1983-84 to 1988-89 the same rate was 14.77 percent. In the subsequent period 1989-90 to 1994-95, it rose at a compound growth rate of 16.97 per cent. While during the period 1995-96 to 2003-04, it rose only at a compound growth rate of 9.72 percent.

The state’s financial resources consist of various types of taxes and other non-tax sources. As a whole, the state’s revenue, which was Rs.31 crores in 1956-57 increased to Rs.1068 crores in 1982-83. Thus the compound growth rate was 13.80 percent. During 1983-84 to 1988-89, it rose at the compound growth rate of 16.96 per cent while during the period 1989-90 to 1994-95, it increased at a compound growth rate of 13.72 per cent. During the period 1995-96 to 2003-04, the state’s own resources rose at a compound growth rate of 15.12 per cent.
The public expenditure in the state, which was Rs.70.45 crores in 1956-57 short up to Rs.1933 crores in 1982-83 registering a compound growth of 12.73 per cent during the period from 1956-57 to 1982-83. In the subsequent period, i.e. from 1983-84 to 1988-89, it rose at a compound growth rate of 10.77 per cent while during the period 1989-90 to 1994-94, it further increased at a compound growth rate of 17.24 percent and during the period 1995-96 to 2003-04, the public expenditure in the state increased at a compound growth rate of 13.63 percent.

The position of public debt in the state causes concern. The public debt outstanding in the state during the period was Rs.117.99 crores. It increased leaps and bounds and stood at Rs.58,770 crores by the end of 2003-04 and further is expected to increase to Rs.76,520 crores that is to say that the State is reeling under debt trap. A study of public finances in the state reveals that of the State’s own Tax, Revenues, the Salaries, Wages and Pensions along works out to 82.5 per cent. Therefore, there is every need to curtail the unproductive expenditure.

As a part of its welfare state nature, Andhra Pradesh resorted to the path of development planning to bring about allround development for enabling the living standards of the people and to provide them opportunities for richer and more varied life. It goes without saying that social and economic planning is intended to ensure the wellbeing of the people. As such, the knowledge about the population, its size, growth, composition and distribution etc., helps the planners to estimate the magnitude or requirement, such as food, housing, education facilities, health and other amenities.

The population of Andhra Pradesh, according to 1961 Census was 35.98 million. It increased steadily and reached to 76.21 million as per 2001 Census. The State with 8.4 per cent of the total area of the India Union accounts for 7.4 per cent of the country’s population of 1028.61 million. Andhra Pradesh is the fourth largest state in area, as regard to populations, it occupies 5th place. It is necessary to understand how the population of the state has grown from decade to decade till it has assumed the present dimensions.
Table: 4.1.

Growth of Population in Andhra Pradesh

<table>
<thead>
<tr>
<th>Year of Census</th>
<th>Population (Millions)</th>
<th>% Variation over previous Census</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>1961</td>
<td>18.16</td>
<td>17.82</td>
</tr>
<tr>
<td>1971</td>
<td>22.01</td>
<td>21.49</td>
</tr>
<tr>
<td>1981</td>
<td>27.11</td>
<td>26.44</td>
</tr>
<tr>
<td>1991</td>
<td>33.73</td>
<td>32.78</td>
</tr>
<tr>
<td>2000</td>
<td>38.53</td>
<td>37.68</td>
</tr>
</tbody>
</table>

Source: Director of Census Operations, Andhra Pradesh

It can be observed from the table 4.1 that the decadal growth of population was highest in 1991 i.e., 24.20 per cent, but it declined to 14.58 percent as per 2001 Census mainly because of adoption of family planning programme by the government. It is also interesting to note that the females account for almost half of the total population out the period.

The rural - urban distribution of the population in Andhra Pradesh is a significance factor for analyzing the problem of economic development.

Table: 4.2.

The Ratio of Rural and Urban Population in Andhra Pradesh

<table>
<thead>
<tr>
<th>Year of Census</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rural</td>
</tr>
<tr>
<td>1961</td>
<td>29.71</td>
</tr>
<tr>
<td>1971</td>
<td>35.10</td>
</tr>
<tr>
<td>1981</td>
<td>41.06</td>
</tr>
<tr>
<td>1991</td>
<td>48.62</td>
</tr>
<tr>
<td>2000</td>
<td>55.40</td>
</tr>
</tbody>
</table>

Source: Director of Census Operations, Andhra Pradesh

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As per the above table 4.2 eventhough a significant percentage of population live in rural areas of the state, its proportion had come down from 82.5 per cent in 1961 to 72.7 per cent as per 2001 Census. On the other hand, the proportion of urban population to total population increased from 17.4 in 1961 to 27.3 as per 2001 Census.

The density of population is an indicator of human concentration and also gives some indication regarding the extent of population pressure. According to 1961 Census, the overall population density in the state was 131 persons per sq.km. It has increased steadily to 277 persons per sq.km as per 2001 Census as against the figure of 313 persons per sq.km for the whole of India.

One of the interesting demographic characteristics of the state is its sex composition. The sex ratio is defined as number of females per thousand males in the population. The sex ratio in Andhra Pradesh has been generally less than 1000. The overall sex ratio in Andhra Pradesh declined from 981 in 1691 to 972 in 1991, however as per 2001 Census, it increased to 978.

The age-wise population of the state has certain salient features. The following table shows the age-wise distribution of the population of the state.

Table:4.3.
Age Distribution of the Population: 2001 Census

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Population (Million)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rural</td>
<td>Urban</td>
<td>Total</td>
<td>% to Total</td>
</tr>
<tr>
<td>0-14</td>
<td>18.15</td>
<td>6.24</td>
<td>24.39</td>
<td>32.0</td>
</tr>
<tr>
<td>15-59</td>
<td>32.66</td>
<td>13.23</td>
<td>45.89</td>
<td>60.2</td>
</tr>
<tr>
<td>60 and above</td>
<td>4.59</td>
<td>1.34</td>
<td>1.34</td>
<td>7.8</td>
</tr>
<tr>
<td>Total</td>
<td>55.40</td>
<td>20.81</td>
<td>76.21</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Director of Census Operations, Andhra Pradesh
As per the above table 4.3 the per cent of population in the age between 15-59 years, which constitutes the productive age is 60.2. The proportion of people below 15 and above 60 years who do not normally contribute to production but are dependent on the rest of the population is 39.8 per cent in Andhra Pradesh.

2001 Census shows that out of the state’s total population of 76.21 million, 34.89 million are “workers”, a term which includes persons gainfully employed in productive work. The participation rate, defined as the proportion of working force to the population, was therefore, 45.79. The corresponding rates for the rural and urban population were 50.92 and 32.22 per cent and male and female population 56.23 and 35.11 per cent respectively. It may be noted that all these figures in Andhra Pradesh are high as compared with the corresponding figure in the country as a whole. This indicates that a larger segment of each of the working groups in Andhra Pradesh was actively engaged in some productive activity. The occupational pattern is a datum of primary importance in the analysis of economic conditions. The changing distribution of workforce in 1961 and 2001 census is presented in the following table 4.4.

Table: 4.4.

Working Population by Livelihood Categories in Andhra Pradesh

(In lakhs)

<table>
<thead>
<tr>
<th>Activity</th>
<th>1961</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultivators</td>
<td>74.87</td>
<td>73.98</td>
</tr>
<tr>
<td>Agricultural Laborers</td>
<td>53.36</td>
<td>98.23</td>
</tr>
<tr>
<td>Household industry</td>
<td>18.15</td>
<td>13.53</td>
</tr>
<tr>
<td>Others</td>
<td>40.25</td>
<td>104.67</td>
</tr>
<tr>
<td>Total</td>
<td>186.63</td>
<td>290.41</td>
</tr>
</tbody>
</table>

Source: Director of Census Operations, Andhra Pradesh
An analysis of distribution of working population in 1961 and 2001 as indicated by the above table reveals that the largest proportion of the working population is claimed by the agricultural sector, which explains the vital place of this sector in the economic structure of the state.

The trends of demographic structure in the state reveals that though the population increased by leaps and bounds from 1961 Census to 2001 Census, but the population growth rate had come down to 14.58 per cent during the decade 1991-2001. The rural population constitutes a large segment of the rural population. The proportion of people below 15 and above 60 who are dependent on the rest of the population is 39.8 in Andhra Pradesh. The work participation rate is 45.79 in the state as a whole. While the work participation rate in rural and urban areas is 5.92 and 32.22 per cent respectively.

The state possesses abundant mineral resources. The state is the principal supplier of coal in South India. The state accounts for about 11 percent of the total desposition of manganese ores in the country. There are huge deposits of iron ore, steatite, graphite, feldspar and chromite.

4.3. Co-operative Movement in Andhra Pradesh: A Changing Profile

At the time of formation of the State of Andhra Pradesh in 1956, it may be pointed out, that the stock of co-operation movement as it obtained was partly from the Andhra region of erstwhile Madras State and Princely State of Telangana regions. It was thus under Feudal and Princely impact and in Andhra region under the British Rule. Therefore, it is worthwhile to study the co-operative movement in Andhra and Telangana regions separately.

4.3.1. Co-operative Movement - Andhra Region

Before Andhra State was constituted in 1953, the eleven Telugu speaking districts of this region were a part of the erstwhile Madras State. The co-operative movement in Andhra region went on the similar lines of Madras State under the All India Co-operative Credit Societies Act, 1904.

Even before passing this Act, some voluntary and co-operative economic activities were undertaken by few individuals. The Chit Funds and Nidhis were the old system of mobilizing funds for loaning purposes the
cartist in South India. The Gonchi system in Andhra was an early step in the
direction of co-operative work. Nidhis and Chit Funds were organized by
knowledgeable people, as early as in 1850, in order to relieve the poor from
the clutches of money-lenders. This practice was in existence throughout the
Madras Presidency. They mobilized small amounts from the people. Under
this Chit Funds system people of the same village having mutual trust joined
together for extension credit organization. The members used to subscribe
small sums of money at regular intervals. Lots are drawn after the collection
and the lot winners got the amount collected. The winner subscribes as usual
like other members for the rest of the period but dropped out from the drawal
of the lots.

In addition to the Chit Funds and Nidhis, there were other means of
raising funds, in Andhra Region. Gonchi system of mutual help and co-
operation also functioned in some parts of the State. Under this system, a
gonchi i.e. a contiguous area is divided into various agricultural operations.
The joint cultivation was supervised by a person known as the “gonchi kadu”
of the village. The total produce was pooled and divided among the members,
according to the labour put in and bullock power used\textsuperscript{2}. As Mamoria
observes, ‘Gonchi’ system existed in Anantapur district was a typical
traditional form of joint cultivation in our country\textsuperscript{3}.

4.3.1.1. Initial Period 1904-1912

The enactment of the Co-operative Credit Societies Act, 1904 by the
British Government marked the beginning of co-operative movement in the
Madras Province. During the initiate stage of this Act, i.e., 1904-1912, the
Co-operative Societies were divided into Rural and Urban Societies. The Act
of 1904 and another Act passed in 1912 provided only for the registration and
organization of Credit Societies in Rural and Urban areas. Anyhow, the
movement made a significant progress during this period. Table 4.5 shows the
progress of Co-operative Societies in Andhra area during this period.

\textsuperscript{2}Hough, E.M., \textit{Co-operative Movement in India}, P.43.
In 1908-09 there were only 44 Co-operative Societies divided into 35 Rural and 9 Urban Societies which recorded a membership of 605. In the year 1911-12 the total number of societies increased to 271, out of which 266 are Rural and 5 are Urban Societies. It indicates that Rural Societies constituted 98.15 per cent of the total. The total membership rose to 5,013 in 1911-12 from 605 in 1908-09.

Table: 4.5.

Progress of Credit Societies in Andhra Area (1908-12)

<table>
<thead>
<tr>
<th>Year</th>
<th>No.of. Credit Societies</th>
<th>Number of members</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rural</td>
<td>%</td>
</tr>
<tr>
<td>1908-09</td>
<td>35</td>
<td>79.5</td>
</tr>
<tr>
<td>1909-10</td>
<td>104</td>
<td>93.69</td>
</tr>
<tr>
<td>1910-11</td>
<td>172</td>
<td>96.63</td>
</tr>
<tr>
<td>1911-12</td>
<td>266</td>
<td>98.15</td>
</tr>
</tbody>
</table>

Source: The Administrative Reports of the Co-operative Departments, from 1904 to 1912, Madras State. Quoted in Rural Credit in India, Rayudu, C.S., p.68.

4.3.1.2. Between 1912-1931

The Amended Act of 1912 marked the second phase of the Co-operative movement in Andhra Region. Under this Act, all kinds of societies, credit and non-credit were registered. The Societies were divided into agriculture and non-agriculture societies. A large number of Non-credit Societies existed for the sale of agricultural produce, supply of milk and cattle insurance. The Madras Government appointed a committee known as the Townsend Committee in 1927, which recommended among other things to have a suitable legislation to remedy the defects and loopholes in the working of 1912 Act. However, a comprehensive act known as the Madras Co-

operative Societies Act was passed by the Madras Legislative Council in 1932. The striking feature of this stage was that the co-operative movement witnessed rapid expansion in Andhra area of the composite Madras State. The following table depicts the progress of co-operative movement in Andhra Region during the period between 1912-13 and 1930-31.

Table: 4.6.

Progress of Co-operative Movement in Andhra Areas (1912-1931)

<table>
<thead>
<tr>
<th>S. No</th>
<th>Particulars</th>
<th>Agricultural Societies</th>
<th>Non-Agricultural Societies</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1912-13</td>
<td>1930-31</td>
</tr>
<tr>
<td>1</td>
<td>No. of societies</td>
<td>322</td>
<td>5217</td>
</tr>
<tr>
<td>2</td>
<td>No. of Members</td>
<td>17400</td>
<td>310500</td>
</tr>
<tr>
<td>3</td>
<td>Reserve Fund (Rs. In Lakhs)</td>
<td>-</td>
<td>19.29</td>
</tr>
<tr>
<td>4</td>
<td>Working Capital (Rs. In Lakhs)</td>
<td>9.28</td>
<td>295.22</td>
</tr>
</tbody>
</table>

Source: The Administrative Reports of the Co-operative Departments, from 1912 to 1931, Madras State. Quoted in Rural Credit in India, Rayudu, C.S., p.69.

As the above table 4.6 reveals there were 5217 Agricultural Societies with 310500 members and a Reserve Fund of 19.29 lakhs and also Working Capital of Rs. 295.22 lakhs in 1930-31. Further, there were 602 Non-Agricultural Societies with 70900 members and reserve fund to the extent of Rs. 4.85 lakhs and Rs. 80.00 lakhs of working capital.

4.3.1.3. Between 1912-1931

The Co-operative Movement entered into a critical phase during the great Economic Depression of the Madras State of 1979 as no exception to the worldwide Economic Depression and it too suffered the consequences of the Economic Depression.

\[^1\text{Ibid, P.350.}\]
The main emphasis during this period was directed more towards the re-organization, reconstruction and rehabilitation of existing Consecutive Societies than to go for further expansion. The Economic Depression caused decline in the Co-operative Movement. A fall in the prices of agricultural commodities and slump in the market caused serious threat to the existence of Co-operative Movement in the provinces. The progress of the Co-operative Movement during 1931-32 and 1950-51 in Andhra area was presented in table 4.7.

Table 4.7

Progress of Credit Co-operatives in Andhra Pradesh Area (1931-32 to 1950-51) (Rupees in Lakhs)

<table>
<thead>
<tr>
<th>S.No</th>
<th>Particulars</th>
<th>1931-32</th>
<th>1950-51</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>No. of Societies</td>
<td>3818</td>
<td>6330</td>
</tr>
<tr>
<td>2</td>
<td>No. of Members (Lakhs)</td>
<td>2.32</td>
<td>4.81</td>
</tr>
<tr>
<td>3</td>
<td>Working Capital</td>
<td>207.20</td>
<td>484.21</td>
</tr>
<tr>
<td>4</td>
<td>Loans Disbursed</td>
<td>34.84</td>
<td>362.13</td>
</tr>
<tr>
<td>5</td>
<td>Loans Outstanding</td>
<td>165.70</td>
<td>350.66</td>
</tr>
</tbody>
</table>


The above table 4.7 indicates that the number of societies which were 3818 during 1931-32 rose to 6330 by 1950-51, showing an increase of 65.79 per cent during the period. The number of members were 2.32 lakhs during 1931-32 but they were increased to 4.81 lakhs by 1950-51, thus recording a growth of 107.33 percent during the period. The working capital, loans distributed and loans outstanding which stood at Rs. 207.20 lakhs, Rs.34.84
lakhs and Rs. 165.70 lakhs respectively during 1931-32 stood up to Rs. 484.21 lakhs, Rs.362.13 lakhs and Rs. 350.66 lakhs respectively by 1950-51.

4.3.2. Co-operative Movement in Telangana Region upto 1947

The Co-operative Movement in Telangana region of the State presents an entirely different picture. Hyderabad State was ruled by feudal lords for many centuries. Hence very meagre importance was given for the rural development in this region than that of Andhra area, Hence socio-economic conditions in this region were deplorable. The Co-operative Societies Act, 1912 did not have jurisdiction over the Co-operative Societies working in the Telangana region the Princely State of Hyderabad.

The advent of the movement in the Telengana region happened in a period when there was agricultural crisis due to the floods, during the failure of crops, influenza and plague the epidemics which led a large scale evacuation of villages in some parts of the state. As such the co-operative movement could not make any trend in this area. By the end of 1914-15, there were only 24 Co-operative Societies and very few rural banks. In 1915, the first Central Co-operative Bank was organized for Hyderabad district for assisting the Agricultural Societies and Rural Banks. The progress of the co-operative movement during this specific period in Telangana region is presented in table 4.8

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6 ibid, P. 81.
### Table 4.8
Progress of the Co-operative movement in Telangana Region

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Apex Banks</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Central Co-operative Banks</td>
<td>1</td>
<td>N.A</td>
<td>39</td>
<td>46</td>
</tr>
<tr>
<td>3</td>
<td>Societies of all types</td>
<td>24</td>
<td>N.A</td>
<td>2768</td>
<td>6278</td>
</tr>
<tr>
<td>4</td>
<td>Membership of all Societies and Central Banks</td>
<td>607</td>
<td>45,644</td>
<td>69,864</td>
<td>2,88,046</td>
</tr>
<tr>
<td>5</td>
<td>Working Capital of all Societies and Central Banks (Lakhs)</td>
<td>1.7</td>
<td>102.69</td>
<td>184.66</td>
<td>343.95</td>
</tr>
<tr>
<td>6</td>
<td>Loans and advances made all Societies and Central Banks (Lakhs)</td>
<td>1.5</td>
<td>29.60</td>
<td>20.88</td>
<td>68.86</td>
</tr>
<tr>
<td>7</td>
<td>Recoveries made of all Societies and Central Banks (Lakhs)</td>
<td>N.A</td>
<td>18.50</td>
<td>32.01</td>
<td>81.73</td>
</tr>
</tbody>
</table>

Note: N.A.- Not Available.

Source: Administrative Reports of the Co-operative Department, Quoted in Rural Credit in India, Reyudu, C.S. PP.81-87.

### 4.4. Co-operative Movement in Post-independent period

The important political event that took place after independence in the country was that the Andhra State was carved out from the composite Madras State, with eleven Telugu speaking districts in October, 1953. It happened exactly when the plan scheme implementations were half-way through the Five Year Plan. Consequently, the First Five Year Plan of the composite Madras State split up and tentative breaks-up of the composite plan was worked out on the basis of schemes belonging to Andhra Segments.
4.4.1. Co-operative Movement during First Five Year Plan (1951-56)

The First Plan ended on 31st March 1956, and the State of Andhra Pradesh was formed on 1st November 1956 by the merging Telangana region into the Andhra State.

As such, the plan efforts and the Co-operative Movement were not uniform during the First Five Year Plan. The overall position of Co-operative Movement at the end of the First Plan in Andhra and Telengana Regions is shown in Table 4.9.

Table 4.9

<table>
<thead>
<tr>
<th>S.No</th>
<th>Particulars</th>
<th>All India</th>
<th>Hyderabad</th>
<th>Andhra</th>
<th>% of Hyderabad to All India</th>
<th>% of Andhra to All India</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>No. of Societies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>a) Agriculture</td>
<td>1,90,567</td>
<td>6901</td>
<td>9,213</td>
<td>3.62</td>
<td>4.83</td>
</tr>
<tr>
<td></td>
<td>b) Non-Agriculture</td>
<td>37,748</td>
<td>1,325</td>
<td>1,765</td>
<td>3.51</td>
<td>4.67</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>2,28,315</td>
<td>8,226</td>
<td>10,978</td>
<td>3.60</td>
<td>4.81</td>
</tr>
<tr>
<td>II</td>
<td>Membership (lakhs)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>a) Agriculture</td>
<td>101.82</td>
<td>3.85</td>
<td>9.75</td>
<td>3.78</td>
<td>9.57</td>
</tr>
<tr>
<td></td>
<td>b) Non-Agriculture</td>
<td>63.95</td>
<td>3.01</td>
<td>3.58</td>
<td>4.71</td>
<td>5.6</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>165.77</td>
<td>6.86</td>
<td>13.33</td>
<td>4.14</td>
<td>8.04</td>
</tr>
<tr>
<td>III</td>
<td>Working Capital (in Lakhs)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>a) Agriculture</td>
<td>10751.07</td>
<td>393.66</td>
<td>999.56</td>
<td>3.66</td>
<td>9.30</td>
</tr>
<tr>
<td></td>
<td>b) Non-Agriculture</td>
<td>14386.17</td>
<td>528.89</td>
<td>736.02</td>
<td>3.67</td>
<td>5.12</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>25137.24</td>
<td>922.05</td>
<td>1735.58</td>
<td>3.66</td>
<td>6.90</td>
</tr>
<tr>
<td>IV</td>
<td>Outstanding (in Lakhs)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>a) Agriculture</td>
<td>6565.12</td>
<td>156.12</td>
<td>750.07</td>
<td>2.37</td>
<td>11.43</td>
</tr>
<tr>
<td></td>
<td>b) Non-Agriculture</td>
<td>6975.54</td>
<td>173.27</td>
<td>386.69</td>
<td>2.48</td>
<td>5.54</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>13539.66</td>
<td>329.39</td>
<td>1128.76</td>
<td>2.43</td>
<td>8.34</td>
</tr>
</tbody>
</table>

It can be noted that there were 8,226 societies in Hyderabad Region which were divided into 6,901 Agricultural Societies and 1,325 Non-Agricultural Societies with a total membership of 6.86 lakhs. The region-wise membership was 3.85 lakhs and 3.01 lakhs.

In the year of formation of Andhra Pradesh in 1956, there were 9,213 Agricultural and 1,765 Non-Agricultural Societies in Andhra Area. The percentage of Hyderabad to All India was 3.60 and the percentage of Andhra area to All India was 4.81 in 1955-56.

4.4.2 Second Five Year Plan (1956-61)

The Pilot Scheme for integrated rural development which was introduced at the end of the First Plan in the selected districts of the country was implemented during the Second Plan Period. The plan envisaged the organization of 591 large-sized Co-operative Societies all over the state - 400 Societies in Andhra region and the so many 191 in Telangana regions. This target was in addition to the 87 Co-operative Societies established in the pilot areas and 100 Rural Banks. The target for the first year of the Plan 1956-57 was fixed at 135 Societies. However, in view of the direction from the Ministry of Food and Agriculture, the Government of India, the large-sized societies were not established by the government. At the end of the Second Plan 1960-61, there were 481 large-sized Co-operative Societies in the entire state, of which 370 Societies were in Andhra area and 111 in Telangana covering 2,049 and 759 villages respectively.

4.4.3. Third Five Year Plan (1961-66)

Though the Third Plan aimed at achieving 90 per cent coverage of villages and 60 per cent of rural families under the Primary Co-operative Societies, the actual achievement at the end of the Third Plan was the coverage of 89 per cent and 43 percent of the rural families. The membership
of the Primary Societies stood at 24.27 lakhs as against the proposed membership of 30 lakhs. Some of the schemes taken up during the Second Plan like subsidy to Village Societies, subsidy to the large-sized Co-operative Societies and to the credit unions were continued in even the Third Plan.

There were two and different Co-operative Laws prevailing in Andhra and in Telangana areas. They continued to be in operation till 1964 with necessary amendments from time to time. Though the integrated State of Andhra Pradesh was formed in 1956, no efforts were made to ensure uniformity in the working of Co-operatives Societies existing in the two regions till 1964. There were certain fundamental differences between the Madras Co-operative Societies Act and the Hyderabad Co-operative Societies Act operating in Andhra and Telengana Regions respectively. In view of this, Andhra Pradesh Co-operative Societies Act was enacted in 1964 replacing the earlier Regional Acts. The Co-operative Societies Act of 1964 represented a comprehensive act covering the organizational managerial and other aspects of the Co-operative Societies working in the state. The Act of 1964 was made applicable to the whole of the State of Andhra Pradesh.

4.4.4. Fourth Five Year Plan (1969-74)

During the Fourth Plan emphasis was on to the strengthening and expansion of co-operative sector in the State. The Plan envisaged subsidy to potentially viable Co-operative Societies to the extent of Rs.9.23 lakhs, and Rs. 13.39 lakhs towards the bad debts of the Village Co-operative and the Central Banks to enable them to advance loans to small farmers and weaker sections. The share capital contribution of Co-operatives to the institutions was increased to Rs. 329.26 lakhs.

During the last year of the Fourth Plan (1973-74), the short-term credit provided to the agriculturists by the Co-operative Societies was of the tune of Rs. 26.43 crores and the medium-term credit Rs. 4.27 crores. Similarly,
during the same period the financial assistance to the extent of Rs. 133.83 lakhs was provided to the Co-operatives under the state Plan to enable the cooperative sector to strengthen and equip it for carrying out their operations in an effective manner.

4.4.5. Fifth Five Year Plan (1974-78)

The Fifth Plan aimed at the provision of finance to the small and poor farmers for improving the productivity of land by using modern technology. During the Fifth Plan, steps were taken to promote the operational efficiency of the Co-operative Societies. Consequent on the promulgation of the ordinance declaring a moratorium on the debts of agriculturists, the landless labourers and artisans were given consumption loans up to a limit of Rs. 500 per member. The outstanding feature of this Plan was that 75 per cent of the loan amount was earmarked for the small farmers and marginal farmers. Of this amount 15 per cent was earmarked for the Scheduled Castes and 3 per cent to the Scheduled Tribes.

4.4.6. Sixth Five Year Plan (1980-85)

The provision of adequate agricultural finance, achievement of full employment in rural areas, integrated rural development and agro-industrialization were the main objectives of the Co-operative societies during the Sixth Five Year Plan.

The Co-operative Societies have reoriented their policies in such way to held the small farmers and other weaker sections in their agricultural operations. Accordingly, 75 per cent of loans were advanced to the small farmers. Besides, the Co-operative Societies earmarked 15 per cent of their loans to the Scheduled Castes and 3 per cent to the Scheduled Tribes.

4.4.7. Seventh Five Year Plan (1985-90)

The Seventh Five Year Plan remarked that the “flow of finances has been constrained due to the problem of recovery of loans from the members. The Plan stated that the co-operative movement will have to be revitalized
and strengthened to ensure not only the growth of the cooperative sector, but also to attract institutional finance to the State. Further, arrangements are proposed to bring the SCs and STs into the mainstream of co-operative movement. Accordingly, it is proposed to increase substantially the financial co-operative sector allocation for the schemes taken up.


The broad objectives of the Eighth Five Year Plan relating to the co-operative sector were as follow:

1. Increased investments in the poverty alleviation programmes.

2. Major role to the Co-operatives in the public distribution system.

3. Free flow of institutional credit to the farming community, particularly to the weaker sections.

4. Strengthening of Co-operative Societies by providing them adequate funds, close supervision and monitoring.


The broad objectives of the Ninth Plan with regard to the co-operative sector were:

1. Channellise credit to the rural sector and lending support to the rural and urban population.

2. Supply of required agricultural inputs to the farmers through the network of Marketing Co-operatives. Making arrangements for the storage, processing and marketing of agricultural products in order to help the farmers to get remunerative prices for their products.


* [http://planning.bih.nic.in/web/annualplan/ann200203/co-operation.htm](http://planning.bih.nic.in/web/annualplan/ann200203/co-operation.htm)
4.4.10. Annual Plans (1990-91 and 1991-92) of Andhra Pradesh

An amount of Rs.400 lakhs was provided under the plan for the year 1990-91 and the expenditure incurred was Rs.1561.96 lakhs. An amount of Rs.400 lakhs was provided under plan for the year 1991-92.

4.5 Emergence of Single Window System in Andhra Pradesh

Though the Agricultural Credit Co-operatives in Andhra Pradesh were making progress since the advent of Independence, in view of special role assigned to them in the successive Five Year Plans, by 1983 there had been a growing feeling that the existing co-operative credit delivery system was not equal to the tasks set before it-that of the principal and potent instrument for bringing about rapid development of the rural areas through the requisite growth in agricultural sector. The servicing of the needs of the rural masses from several contact points inhibited the development of a comprehensive mechanism for bringing about all round development of rural areas. The farmer had to draw his short and medium-term credit requirement from the PACS at village level, long-term credit requirements from the PADBs at taluk level and his agricultural inputs mainly from taluk level agencies. The various other needs of the agriculturists were by and large not being serviced at the village level by the co-operatives. To remedy the deficiencies, the concept of "Single Window System" has been suggested and thought of.

An Expert Committee was appointed at the instance of Govt. of India, in 1975, under the Chairmanship of R.K. Hazare, Dy. Governor, Reserve Bank of India. Based on the recommendations of Hazare Committee, the Govt. of Andhra Pradesh in the Year 1983 constituted a 4-Man Committee to study and report on the existing rural credit delivery structure in Andhra Pradesh with a view to bring about necessary changes in the co-operative credit structure in order to make it a more dynamic mechanism for rural development. The 4-Man Committee observed that despite the viability programme in 1977, the Primary Agricultural Co-operative Societies which

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were the vital organic links in provision of credit and rural services to the rural families, continued to be weak and were mostly uni-functional in their activities. To rectify the situation and to make the PACS effective retail outlets of credit and multiple services, the Committee recommended the re-organization of the societies as "Single Window Service Units".

These single window service units provided multi-term credit and multi-functional services such as supply of inputs, essential consumer articles, seeds, fertilizers, besides provision of other facilities like storage, processing and marketing. The Committee also recommended the integration of the two parallel short-term and long-term co-operative credit institutional based on the recommendations by Hazare Committee. The Committee also suggested the re-organization of marketing structure in Andhra Pradesh from 3-tier to 2-tier by eliminating the general purpose taluk level marketing societies and by linking the PACS with DCMS and with the State Federation. The Committee further recommended the re-organization of the 27 Co-operative Central Banks in Andhra Pradesh on the criteria of one Bank for one district. The Committee opined that the Single Window Service Scheme would bring forth many advantages to farmers by providing all types of credit and services at one contact point, i.e., at the PACS level. The Scheme would also enable the issue of composite loans to farmers covering block capital and working capital for their production requirements. The new system was also envisaged to ensure better supervision of credit.

Based on the recommendations of the 4-Man Committee, the Government of Andhra Pradesh formulated the scheme for implementation of the Single Window Scheme through the structural re-organization of rural credit and marketing delivery system.

The matter was reserved to the Government of India where it was examined by the Committee headed by K.R. Ardhanareeswaran. Based on the final recommendations made in 'this behalf', the Government of India in consultation With the RBI and NABARD gave the necessary clearance for the
Scheme. The Government of Andhra Pradesh re-organized the co-operative structure by amending hitherto existing A.P. Co-operative Societies Act of 1964 and consequently, the Single Window System came into existence in 1986\(^\text{10}\).

The emergence of the Single Window Scheme in Andhra Pradesh has transformed the potential of the village level cooperative and today the PACS stand as dynamic economic units positioned to serve all the needs of the rural folk, particularly the agriculturists at the grassroot level. The Primary Agricultural Credit Society at village level under the Single Window Scheme is enabled to provide short-term, medium-term and long-term credit for agricultural production and investment. It is also positioned to provide various agricultural inputs like seeds, chemical fertilizers, pesticides and agricultural implements, on one hand, and the services of storage and marketing of agricultural produce on the other. This apart, the essential commodity needs of the rural folk as also banking facilities are to be met at village level through the village co-operatives under the Single Window Scheme. The list of services to be provided at the village level is expected to be further widened to encompass insurance, primary health and other services in the years to come. A new canvas of co-operative credit mechanism has therefore, emerged in Andhra Pradesh at the village level to play a dynamic role in the process of rural development through co-operatives through the Single Window Scheme.

4.6 The Existing Co-operative Credit Structure in Andhra Pradesh

Consequent on the re-organization of the PACS under the new criteria of economic viability, the number of PACSs were brought down from 6695 to 4564 enhancing substantially the viability of each Primary Agricultural Credit Society under the re-organized system.

The 27 CCBs were re-organized into 22 DCCBs in April, 1987 by merger and transfer of areas in respect of the CCBs which were not

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conforming to the norm of one bank per district. Subsequent to the re-organization except in the case of Hyderabad and Ranga Reddy districts, where only one CCB existed, in all other Districts the CCBs were re-organized on the pattern of one Bank per district.

The 218 PADBs were abolished in 1987 and their assets and liabilities devolved on the DCCBs. The members of the PADBs were made 'B' class members of the DCCBs for enabling the continuity of service for old loanees till their loans were cleared. All new loanees would, however, be required to be serviced by the PACS.

The 3-tier co-operative marketing structure was re-organized into 2-tier structure by eliminating the general purpose of co-operative marketing societies at taluk/mandal level. Certain single commodity marketing societies, however, were left undisturbed in view of their specialisation. 125 good working co-operative marketing societies were merged with DCMS and 144 co-operative marketing societies which were not functioning satisfactorily, liquidated. 5 DCMS which were not functioning satisfactorily were also liquidated and in their place new OCMS were organized to avoid the merger of good working co-operative marketing societies with those functioning on unsound lines.

4.7 Re-organisation of PACSs in Andhra Pradesh

The Government of Andhra Pradesh basing on the recommendations of the Prof. A. Vaidyanathan Committee the guidelines issued by the Government of A.P. on the recommendations of the Expert Committee and also a Five Member Committee restructured the PACS on 25.07.2005 bringing down their number from 45464 to 2746 in the state while ensuring that atleast one PACS remained in Revenue Mandal. Elections were conducted to all the three-tiers of the structure between October and December, 2005 after restructuring of PACS. Democratically elected managements are in position at the PACS, DCCB and APCOB levels.
4.8. Andhra Pradesh State Co-operative Bank (APCOB)

The Andhra Pradesh State Co-operative Bank, popularly known as APCOB, is the apex institution of co-operative credit structure in the State. APCOB is the federation of Central Cooperative Banks in the State. It is the nucleus around which all the credit matters of co-operative movement revolve. A federal structure consists of PACS at the base level, the DCCBs at the district level and at the State level the State Co-operative Bank (SCB), called as APCOB.

Consequent on the formation of Andhra State in 1953, from Composite Madras State, the Composite Madras State Co-operative Bank was divided. The Andhra State Co-operative Bank with its headquarters at Vijayawada was carved out on the pattern of its parent institution. In 1915, the first Central Co-operative Bank was organized having jurisdiction only to the Hyderabad district for providing assistance to the agricultural societies and the rural banks. The lending activities were restricted to the agriculturists adjoining Hyderabad city. The activities latter extended to the societies working throughout the Hyderabad State. The Hyderabad Central Co-operative Bank was converted into Provincial Co-operative Bank in 1925. With effect from 1st November 1956 two Apex Co-operative Banks were functioning in the integrated State of Andhra Pradesh. The two regional State Co-operative Banks were operating separately in both the regions. They were named as the Andhra State Co-operative Bank, Ltd., Vijayawada in Andhra area and the Hyderabad Co-operative Apex Bank Ltd., operating in Talangana area. By amalgamation these two banks, the Andhra Pradesh State Co-operative Bank came into existence in 1963.

Thus, today the APCOB is the only premier Apex institution of the co-operative credit structure with district banks (DCCBs) at the intermediary level and PACSs at the village level in the State. The Bank has been playing an important role in providing credit to its affiliated central banks to meet the credit requirements of the farmers for seasonal agricultural operations,
medium-term loans for agricultural purposes and to finance weavers' societies, sugar factories in co-operative sector, industrial societies, welfare of weaker sections, adopted villages, implementation of crop insurance, rural storage projects, fisheries co-operatives, rehabilitation of weak DCCBs, integrated rural development and finance to other State Apex bodies in the State.

The APCOB has 6 regional offices and 13 branched with 22 DCCBs. The Co-operative credit structure in Andhra Pradesh is given in Fig. 4.2.

**Fig. 4.2.**

Co-operative Credit Structure in Andhra Pradesh
(Both before and after the introduction of single window system)

- **Pre-Existing Credit Setup**
  - ST
  - LT
  - 6695 PACS at Village level
  - 218 PADBs at Taluk/Mandal level
  - 27 CCBs in 22 Districts
  - APCOB at State level

- **Re-organized ST/LT Credit Setup**
  - 4564 PACS for ST, MT & LT loaning and other services
  - 22 DCCBs for ST, MT & LT loaning and other services
  - APCOB for ST, MT & LT refinance

- **Re-organized PACS**
  - 2746 PACS
  - 22 DCCBs
  - APCOB
4.9 Administrative Setup for Co-operative in Andhra Pradesh

At the State level, the nature and strength of the co-operative organization varies from State to State. In Andhra Pradesh, co-operation is regarded as important subject and has always been incharge of a Minister of cabinet rank.

The work of the State Government at the highest level is divided between the Secretariat and the Directorate. The Secretariat is the top layer and the nerve centre of State administration. It is staff agency and is primarily meant to assist the State Government in policy making and in discharging its legislative functions. It also provides overall supervision, guidance and leadership.

The Secretary in-change of the Ministry of Co-operation is its administrative head. The Executive organization is headed by the Registrar of Co-operative Societies. He is generally appointed from amongst the personnel of IAS Cadre. He occupies a key position in the Government setup. He is responsible for overall co-operative policy, proposing new developments and suggesting changes in administrative structure, prosecutions under cooperative laws, amendments to bye-laws of co-operative institutions and winding up and liquidation of co-operative societies.

The organization setup below the department level in Andhra Pradesh has been subjected to frequent re-organization. Prior to 1963 all the powers were concentrated in the headquarters without any intermediary organization. But, in the context of the need for the successful implementation of the Five Year Plans and to ensure a closer, more effective and intensive supervision and speedier disposal of all matters, the Co-operative Department was decentralised and powers were delegated from the office of the Registrar of

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11 Between 1958-63, the post was held by department officer by the Government of Andhra Pradesh.
Co-operative Societies to the four Joint Officers who were made Regional Officers.\textsuperscript{14} These Regional Officers were invented to coordinate the work of District Co-operative Officers and to give them guidance from time to time. The regional officers were abolished in 1967, when the district administration was re-organized on the recommendation of the M.T. Raju Committee\textsuperscript{15}.

At the District Level

In the re-organized setup the District Collector is actively associated with the co-operative department in the district.\textsuperscript{16} He is assisted by a special category Deputy Registrar who was later designated as District Co-operative Officer (DCO) to function as personal assistant to collector in respect of matters relating to co-operation. The functions and power of the Regional Officers and some of the powers of the Registrar have been delegated to the District Collectors and the DCOs.\textsuperscript{17} The Collector with the assistance of DCO is expected to assume direction and control of the co-operative movement in the district.\textsuperscript{18} It is expected that under the protection of the Collector, other co-operative officials can resist local pressures and act in a fair and objective manner.\textsuperscript{19} Apart from assisting the Collector, the DCQ is also responsible to supervise the work of Divisional Level Co-operative Officers (DLCOs)\textsuperscript{20}.

Below the district level, there are divisions into which the district is divided\textsuperscript{21}. Each-division is headed by a DLCO. He has to supervise the work of Taluk (Mandal) Co-operative Officers.\textsuperscript{22} He should also conduct the annual

\textsuperscript{14} Government of Andhra Pradesh (Food & Agriculture, (Co-op.II) Department), G.O.Ms. No. 1471, dated: 26-6-1963.
\textsuperscript{17} Government of Andhra Pradesh [Food & Agriculture (Coop. II) Department], G.O. Ms. No. 2531, dated 18-11-1967; Food and Agriculture Department, Memorandum No. 4805/Co-op. 11/67-1, dated 21-11-1967.
\textsuperscript{21} The Division correspond to the revenue divisions.
\textsuperscript{22} Vide Registrar Circular No. 70/70 R.C. No. 967755/R2 of 18-10-1970.
inspection of marketing and other primary societies.\textsuperscript{23} Mandal Co-operative Officers (MLCOs) are responsible for achievement of financial and physical targets relating to Primary Societies, to attend to the enrollment of new members and canvass for strengthening of share capital and deposits of the Primary Societies and responsible for educating the non-official co-operations in the taluks.

4.10. An Assessment of the Role of Co-operatives in Andhra Pradesh

From the beginning, the co-operative sector has been assigned a special role to play in the Economy of Andhra Pradesh, which is largely dependent on the agriculture sector. Due to the efforts of the State Government, the co-operative movement picked up momentum in both at the apex and the primary levels. Various strategies were vowed for the effective provision of adequate agricultural credit to farmers for increasing the production through promoting suitable co-operative environment. The achievements of the Co-operative sector in the State can be gauged from the data given from the table 4.10.

The number of Co-operative Societies of all types, in the state which were 18,999 in 1956-57, rose to 41327 in 1980-81 and stood at 31,233 in 2001-02. Decline in the number of societies is due to viability programme undertaken by the State Government. The membership of the Co-operative Societies in the state increased till 1965-66, since then the rate of increase in the membership slowed down, and stood at 229.49 lakhs in 2001-02, but 10 fold increase over that of 1956-57.

There was a considerable increase base of the co-operative sector in the share capital. The share capital which was only Rs.9.34 crores in 1956-57 increased to Rs.155.56 crores in 2001-02 which was two fold increase over that of 1980-81 as may be seen from the following table 4.10.

\textsuperscript{23} Vide Registrar Circular No. 31/72, D.Dis 96755/70-R2 of 28-07-1972.
Table: 4:10
Details of Co-operative Societies of all Types operating in Andhra Pradesh

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
<th>Membership (000)</th>
<th>Paid up Capital Share (Rs. In Lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1956-57</td>
<td>18999</td>
<td>2368</td>
<td>93426</td>
</tr>
<tr>
<td>1960-61</td>
<td>26336</td>
<td>3365</td>
<td>185265</td>
</tr>
<tr>
<td>1970-71</td>
<td>31064</td>
<td>5180</td>
<td>528902</td>
</tr>
<tr>
<td>1980-81</td>
<td>41372</td>
<td>11221</td>
<td>1555554</td>
</tr>
<tr>
<td>1990-91</td>
<td>20505</td>
<td>15157</td>
<td>4180180</td>
</tr>
<tr>
<td>2001-02</td>
<td>31233</td>
<td>22949</td>
<td>11040600</td>
</tr>
</tbody>
</table>

Source: Annual Reports of Registrar of Co-operative Societies, Govt. of Andhra Pradesh

4.11. Performance of State Co-operative Bank in Andhra Pradesh

The State Co-operative Bank has widened its capital base from the budget Rs. 0.34 Crores in 1956-57 to Rs. 11.03 crores in 1980-81 and increased to 189-10 crs in 2002-03.

Another significant development has been the growth of deposits which had risen from Rs. 1.95 crores in 1956-57 to Rs. 104.39 crores in 1980-81 accounting fifty fold increase. Continuous increase in the deposits was observed during the period under review except in the year 1966-67 and stood at 1359-63 crs in 2002-03.

But there was appreciable progress in the quantum of loans advanced by the Bank and increased from Rs. 24.40 crores in 1956-57 to Rs. 2385.83 crores in 2002-03. The quantum of loans outstanding increased sharply during the period 1956-57 to 1960-61 and the decreasing trend noticed during the next five years slowed down in 1966-67 from which year onwards, it started increasing consistently.
At the end of the year 2002-03 the quantum of loan outstanding was Rs. 4532.37 crores against Rs. 8.49 crores in 1956-57, as may be seen from the following table.

**Table No: 4.11**

**Performance of State Co-operative Bank in Andhra Pradesh**

(Rs. in Lakhs)

<table>
<thead>
<tr>
<th>Year</th>
<th>Paid up Share Capital</th>
<th>Deposits</th>
<th>Working Capital</th>
<th>Loans Issued</th>
<th>Loans Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1956-57</td>
<td>34</td>
<td>195</td>
<td>998</td>
<td>2440</td>
<td>849</td>
</tr>
<tr>
<td>1960-61</td>
<td>172</td>
<td>280</td>
<td>2223</td>
<td>3580</td>
<td>1964</td>
</tr>
<tr>
<td>1970-71</td>
<td>232</td>
<td>1,338</td>
<td>2,945</td>
<td>4,124</td>
<td>2,318</td>
</tr>
<tr>
<td>1980-81</td>
<td>1103</td>
<td>10439</td>
<td>19139</td>
<td>18116</td>
<td>14859</td>
</tr>
<tr>
<td>1990-91</td>
<td>3354</td>
<td>27457</td>
<td>88884</td>
<td>83114</td>
<td>88844</td>
</tr>
<tr>
<td>2002-2003</td>
<td>18910</td>
<td>135963</td>
<td>528477</td>
<td>238583</td>
<td>453237</td>
</tr>
</tbody>
</table>

**4.12. Performance of Central Co-operative Banks in Andhra Pradesh**

Considerable expansion was noticed in the deposits of the Central Co-operative Bank which rose from Rs. 5.83 crores in 1956-57 to Rs. 6.51 crores in 1960-61, and Rs. 93.06 crores in 1980-81 and stands at Rs.2647.95 crs. by 2002-03. Increase was not, however, observed in case of the loans advanced by the Bank till 1975-76 and the end of the year the quantum of loans issued by the Bank was Rs. 99.97 crores as against Rs. 18.98 crores in 1956-57, Rs. 30.58 crores in 1960-61. From 1976-77 onwards the loans issued increased and stood at Rs. 2086.20 crores by 2002-03.

On the other hand, the quantum of loans outstanding and the loans overdue increased consistently from Rs. 13.00 crores and Rs. 1.08 crores respectively in 1956-57 to Rs. 8124.82 crores and Rs. 2000.90 crores in 2002-03.
The percentage of loans overdue to loans outstanding also increased during the period under review as can be seen from the following table 4.12.

**Table: 4.12**

**Performance of Central Co-operative Banks in Andhra Pradesh**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
<th>Deposits</th>
<th>Loans Issued</th>
<th>Loans Outstanding</th>
<th>Loans Over due</th>
<th>% of Loans Over due to Loans Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1956-57</td>
<td>25</td>
<td>583</td>
<td>1898</td>
<td>1300</td>
<td>108</td>
<td>8.31</td>
</tr>
<tr>
<td>1960-61</td>
<td>26</td>
<td>651</td>
<td>3058</td>
<td>2512</td>
<td>300</td>
<td>11.94</td>
</tr>
<tr>
<td>1970-71</td>
<td>25</td>
<td>1,733</td>
<td>3,512</td>
<td>4,198</td>
<td>1,557</td>
<td>37.09</td>
</tr>
<tr>
<td>1980-81</td>
<td>26</td>
<td>9306</td>
<td>17845</td>
<td>21688</td>
<td>7112</td>
<td>32.79</td>
</tr>
<tr>
<td>1990-91</td>
<td>22</td>
<td>58587</td>
<td>87438</td>
<td>107113</td>
<td>29157</td>
<td>27.22</td>
</tr>
<tr>
<td>2002-03</td>
<td>22</td>
<td>264795</td>
<td>208620</td>
<td>812482</td>
<td>200090</td>
<td>24.63</td>
</tr>
</tbody>
</table>

4.13. Performance of PACSs in Andhra Pradesh

The PACSs became the primary instruments of financing the credit requirements of the farmers for the agriculture and allied purposes. As per Table-4.13 the number of PACSs in Andhra Pradesh increased from 28,675 in 1998-1999 to 31,233 in 2001-02.

The membership of these Primary Societies has also increased from 20.20 per cent in 1998-99 to 18.16 per cent 2002-03. The Paid-up capital of these institutions increased from Rs.73,158,00 to Rs.68,76,500 in 2002-03. The loan amount increased from Rs.6,61,797 lakhs to Rs.3,955,080 lakhs in 2002-03. The loans outstanding were to the tune of Rs.9,52,130 lakhs and Rs.5,52,159 lakhs in 2002-03.
### Table: 4.13
**Working of Primary Agricultural Credit Societies including Farmers**  
**Service Societies in Andhra Pradesh**  
(Rs. in Lakhs)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of co-operative societies</td>
<td>28,675 (19.20)</td>
<td>30,021 (20.09)</td>
<td>30,621 (20.49)</td>
<td>31,233 (20.90)</td>
<td>28,882 (19.32)</td>
</tr>
<tr>
<td>Membership (000's)</td>
<td>22,104 (20.20)</td>
<td>22,058 (20.14)</td>
<td>22,499 (20.54)</td>
<td>22,949 (20.90)</td>
<td>19,889 (18.16)</td>
</tr>
<tr>
<td>Paid of Capital</td>
<td>73,158 (15.56)</td>
<td>1,07,801 (22.93)</td>
<td>1,09,956 (22.39)</td>
<td>1,10,406 (23.49)</td>
<td>68,765 (14.63)</td>
</tr>
<tr>
<td>Working Capital</td>
<td>11,81,878 (18.50)</td>
<td>14,67,480 (23.00)</td>
<td>14,96,830 (23.43)</td>
<td>15,26,767 (23.90)</td>
<td>7,15,396 (11.27)</td>
</tr>
<tr>
<td>Loans Advance</td>
<td>6,61,797 (21.05)</td>
<td>6,81,650 (21.70)</td>
<td>6,95,283 (22.12)</td>
<td>7,08,989 (22.55)</td>
<td>3,95,508 (12.58)</td>
</tr>
<tr>
<td>Loan Out Standings</td>
<td>9,52,130 (21.13)</td>
<td>9,80,694 (21.77)</td>
<td>10,00,308 (22.20)</td>
<td>10,20,314 (22.65)</td>
<td>5,52,159 (12.25)</td>
</tr>
</tbody>
</table>

Source: Co-operative Societies Department.

Note: Percent in Bracket.

#### 4.14 Summing-up

After the formation of State of Andhra Pradesh in 1956, there is rapid growth of the co-operative movement which was the direct result of the integration of the co-operative societies differently existing in Andhra and Hyderabad Regions. The Co-operative Societies Act of 1964 ushered in a new era in the history of Co-operative movement in the state. This Act was responsible for the rapid development of Co-operative sector in several directions. There was remarkable increase in the number of cooperative societies in the state to cater to the needs of farmers. The successive Five Year Plans assigned very vital role to the Co-operative Societies in the rural development. The co-operative sector in the state got further revitalized with the introduction of Single Window System in 1987 which is an unique experiment in this sector. Under this system, the PACSs were strengthened through the process of reorganization.