CHAPTER IX

SUMMING UP – CONCLUSIONS & RECOMMENDATIONS

In the preceding Chapters, we have examined in detail the constitution, management and contribution of agriculture credit co-operatives in the country as a whole, with special reference to the functioning of these institutions in the State of Haryana. For carrying out the research, such of the methods and techniques were used which enabled the researcher to provide an intimate knowledge of the working of each level of Credit Co-operative Societies. Descriptive Survey Method supplemented by questionnaire-structured and un-structured, personal interview technique along with un-structured observations, were employed to obtain necessary data from the co-operative institutions. Apart from this, all published data relevant to our study that could be available, was also relied upon. Five case-studies were also carried out to have an insight into the working of these institutions. Three Primary Agriculture Credit Co-operative Societies, one Central Co-operative Bank and one Primary Land Development Bank were taken up for this purpose.

While discussing the evolution and growth of the Co-operatives in Chapter II, we have examined the socio-economic conditions of our country. We have noted that
the economy of our country is predominantly based on agriculture. A major part (about 80%) of the rural population is dependent upon agriculture for its livelihood. When the country got independence in 1947, there were no adequate arrangements for institutional credit for agriculture. The production of agriculture as well as the productivity of land was very poor. Conditions of acute poverty and scarcity prevailed. Most of the people in the rural areas were illiterate and innocent. In such a situation, any systematic planning for growth or development required major attention on the development of agriculture.

The development of agriculture meant huge investments, both short-term as well as long-term. The All India Rural Credit Survey revealed that co-operative credit in the year 1951-52 was only 3.1% of the total rural credit. The credit from Government and other institutional sources, was also very negligible. Most of the debt was raised by the farmers from the private money-lenders which was exploitative in nature. The existence of such a situation posed a very serious problem to the Government of free India. Since the Government felt very concerned on this problem, it wanted to design a strategy, not only for ameliorating the conditions of poverty-stricken rural people, but also to provide conditions for a quicker growth for their
prosperity. After a careful consideration of the entire situation, India adopted a model of mixed economy and the system of comprehensive planning for the development of our country. It was envisaged that the economy would comprise of three sectors, namely, the Public Sector, the Private Sector and the Co-operative Sector—all working towards the realisation of task and targets of the national plan. It was felt that arrangement for institutional credit were required for agricultural development and as such the role of providing agriculture credit was assigned to the co-operative structure.

Credit is a basic input for agricultural development. The application of modern technology in agriculture requires the investment of huge funds both as a production credit as well as an investment credit. The production credit is a short-term seasonal credit required by the farmers for the raising of the crops. The duration of this credit is 15 months. We have seen that production credit required by the farmers for the purchase of high yielding variety seeds, fertilizers, pesticides etc., is provided by the three-tier co-operative credit structure consisting of:

(i) The Apex State Co-operative Bank at the top;
(ii) the Central Co-operative Banks at the middle level; and
(iii) the Primary Co-operative Credit Societies at the grass-root level.
The farmer also needs an investment credit for improving the productivity of the land. The investment credit is a long-term credit payable in 5 to 10 years and is provided by a two-tier structure i.e., the Apex Land Development Bank at the state level and the Primary Land Development Bank at the lower level. The long-term credit is required by the farmer for the improvement of land, installation of tubewells, purchase of tractors and other farm machinery; and for undertaking activities like horticulture, dairy, poultry, fishery, piggery, farm forestry etc.

The contribution of the credit co-operative structure has been quite substantial in the agricultural development of the country as a whole. The credit co-operatives of Haryana have also made a major contribution in bringing about the green revolution in the State. The contribution of co-operative structure in providing agriculture credit has gone up from 3.1% in 1951-52 to around 40% in the country as a whole. The short and medium-term credit is being provided now by a three-tier structure comprising of 20 Apex Banks, 349 Central Co-operative Banks and 92,496 Primary Societies. The total agriculture credit in 1983-84 was around Rs.2500 crores. Similarly the long-term credit is provided by a two-tier structure comprising of 19 State Land Development Banks
and 885 Primary Land Development Banks/Branches of the Apex Banks. In the year 1983-84, they advanced Rs. 439 crores.

The State of Haryana has an Apex State Co-operative Bank, 13 Central Co-operative Banks and 2556 Primary Credit Co-operative Societies to provide short-term and medium-term credit. They provided a sum of around Rs. 180 crores to the farmers of Haryana in 1983-84. The Apex Land Development Bank of Haryana along with its 42 Primary Land Development Banks provided Rs. 43.59 crores of long-term credit to the farmers of Haryana.

The advancement of agriculture credit has increased manifold during the last three decades but maximum growth has taken place during the last 10-15 years. The co-operative credit structure has also strengthened its financial base during this period by manifold increase in their share capital, deposits, owned funds, working capital and borrowings.

Despite the achievements mentioned above, the co-operative structure is accused of having malfunctioning, mismanagement, heavy overdues, domination of vested interests and excessive intervention of the Government. We have seen that most of the credit co-operatives of Haryana are run like Government agencies. Co-operatives are democratic institutions and are required to be managed with their elected Managing Committees.
practice we find that they are not having much of a freedom in their functioning as they are mainly managed by the Government appointed Managing Directors or the functionaries of the common cadres which also happen to be under the charge of the concerned Managing Directors. All the Managing Directors, whether at the Apex level or at the middle level, are senior Government officers of the Co-operative department. The institutions of democratic functioning like the General Body, the Managing Committee/Board of Directors are not effective in their functioning. Their meetings are either not held regularly and if held, they are not very effective in exercising control over the functioning and management of these co-operative institutions. There are also complaints of inadequacies and mismanagements.

The functioning of Credit Co-operatives puts us into a baffling situation. Their achievements show that they are doing a useful service for the agricultural development but the systems adopted for their functioning create an impression that they are Government institutions and not co-operative institutions.

In the light of the above background and detailed discussions in the preceding eight Chapters of our study, the summing up and conclusions can be drawn by answering
the following questions based upon the hypothesis:

1. What is the ultimate objective, before us, to be achieved?

2. Why this objective can be achieved only through co-operatives?

3. What is the ideal functioning of a Co-operative institution?

4. What are the hindrances in adopting the course of ideal functioning of the co-operative institutions?

5. What has been the achievement so far in Haryana State in achieving the ultimate objective as well as the ideal functioning of credit co-operative structure?

6. What is required to be done to improve the capacity and capability of credit co-operatives in Haryana on the basis of past experience and achievements?

1. What is the ultimate objective before us to be achieved?

The ultimate objective to be achieved, before us, is the prosperity of the rural people through integrated rural development. For the achievement of this objective, the following things are required:

(i) To increase agricultural production to enable the farmer to secure higher income from agriculture.

(ii) To provide agriculture credit for increasing agriculture production as well as for improving the productivity of the land in the shortest possible time.
(iii) To organise credit institutions for the above purpose in which people can actively participate and have a sense of belongingness.

(iv) To make special arrangements, for the economic development of weaker sections like the small and marginal farmers, the landless agriculture labourers, the rural artisans, scheduled castes etc.

(v) To provide safeguards that vested interests and influential persons do not exploit the above credit institutions only for their interests.

The ultimate objective is to achieve the prosperity of the rural people. Since most of the population in the rural areas is dependent for its livelihood on agriculture, it is imperative that main thrust for any planning for integrated rural development has to be advancement of agriculture which can bring about more income to the farmers to raise their standard of living. At the time of independence of our country, agriculture was carried on, only on traditional lines and no modernisation had taken place. Modernisation in agriculture requires inputs like high yielding variety seeds, chemical fertilizers, improved and diversified means of irrigation, mechanisation in farming, etc. All such inputs need heavy investments both as a short-term measure as well as a long-term measure.
Any institutional structure designed for providing credit to the illiterate and innocent farmers of the country, should be simple and should provide credit practically at their door steps. Designing an organisation for providing institutional credit on such a mass scale would also entail for its success, people's active participation as well as sense of belongingness. It becomes all the more important and necessary when we want quicker results.

2. Why can this objective be achieved only through Co-operatives?

Providing credit is one of the most important factors involved in the achievement of the above objective. There could be mainly three alternatives to provide credit to the farmers. First, directly through the Government or other public sector organisations like the Commercial Banks etc., second, through people's own organisations like the Co-operative Societies and third, the private source like that of the private money lenders etc. Which of the three alternatives would suit the socio-economic conditions of our country, has a very big question to be answered immediately after the independence of our country. The new Government of free India felt very concerned on this problem, it wanted to design a strategy, not only for ameliorating the conditions of poverty stricken rural people, but also to provide conditions for quicker growth for their prosperity. For finding an answer to this
question, the Reserve Bank of India appointed the All India Rural Survey Committee which carried out a detailed survey in 1951-52 to find out various sources available for Rural Credit and their merits and demerits. The Committee also examined in detail the functioning of Credit Co-operative Societies and the weaknesses in their functioning. After a thorough probe, the Committee recommended that the co-operative system was the best to suit our requirements, despite its inadequacies and weaknesses. The Committee remarked:

"Co-operation has failed but

Co-operation must succeed."

Interestingly, the Royal Commission on Agriculture had also made similar remarks in 1931 on the working of co-operative societies during the period of the British rule. The Commission had remarked:

"If co-operation fails, there will fail

the best hope of rural India."

The most important factor which weighed in favour of selecting co-operative system for providing agriculture credit was, its democratic functioning through which people's active participation could be sought. Providing agriculture credit to such a vast expanse of India's territory, no other structure could be successful and effective. Government of India as well as the State
Governments accepted the recommendations of the All India Rural Survey Committee for their planning and policies. The role of co-operative sector was accepted right from the First Five Year Plan itself, when the concept of mixed economy was adopted covering the private sector, the public sector and the co-operative sector. The first plan document stated that the co-operative sector could lend a sense of direction, balance and value to the progress of the national economy. Its importance was highlighted by the document in the following words:

"It could combine the best of the private and the public sector - freedom and initiative of the private sector and social purpose and accountability of the public sector."

Ever since the First Plan, the main responsibility of providing agricultural credit to the farmers, has been assigned to the Co-operative structure. Today, the Commercial Banks, the Regional Rural Banks etc., also provide agricultural credit to the farmers but the major chunk of this credit, is being provided only by the co-operatives.

3. What is the ideal functioning of a Co-operative Institution?

Basically, a co-operative institution is a voluntary organisation. It is organised for achieving economic betterment of its members who constitute it and is
supposed to be self-reliant. Its functioning and management is established through democratically elected Managing Committees/Board of Directors. In an ideal functioning of a co-operative society, there is no intervention of the Government in its organisation and management. The Government is also not obliged to contribute towards the share-capital of co-operative societies. Under the ideal conditions, the Government has also no role to play regarding the supervision over the functioning of such societies, nor there is any need for an inspection or audit by the Government agencies. All such matters are the concern of the democratically constituted Boards of Management.

4. What are the hinderances in adopting the course of ideal functioning of the Co-operative institutions?

The following socio-economic conditions of our rural society provide hinderances in having an ideal functioning of co-operative credit societies:

(i) The existence of acute conditions of poverty;
(ii) the existence of mass illiteracy and innocence amongst the rural people;
(iii) the existence of heavy indebtedness and domination of landlord-money lender-trader trio;
(iv) the existence of caste-ridden society;
(v) the non-existence of managerial skill;
(vi) lack of co-operative education;
(vii) lack of faith on the part of the Government about the capability of the people to manage the co-operative;
(viii) lack of financial resources; etc.,

The above mentioned factors put hinderances in the way of smooth functioning and proper growth of co-operative institutions. The people in the rural areas neither have financial resources nor managerial skill to make the societies self-reliant as well as true democratic institutions. In such a situation there can be two alternatives:

(i) either have a poor and slow moving co-operative structure, organised on completely democratic principles, or
(ii) have a co-operative structure with State Partnership in finances as well as in management for a quicker growth.

The choice obviously, is in favour of alternative number (ii). The All India Rural Survey Committee, while recommending the adoption of co-operatives as an institution to provide agriculture credit, also recommended if a quicker growth was desired, the Government should assist the co-operative institutions in all possible ways through the concept of State-partnership. It was recommended that the State Government should liberally contribute towards the share-capital of the co-operative credit societies at all levels and should also assist
them in their management. The credit societies at that stage were dominated by only a few influential farmers who exploited them mainly for their own selfish ends by adopting various undesirable means. They did not have sound financial base and the weakest point was their poor management. There were embezzlements and misappropriations and also mounting overdues. If these credit societies were required to meet the growing demand of credit for a quicker growth of agricultural development, the Government assistance in various ways became inevitable. Since the functioning of credit co-operative societies suffered from several inadequacies and weaknesses, the Government intervention in their functioning for exercising supervision and control also became necessary. The State Governments, therefore, are participating liberally in the share capital of the co-operative credit institutions at all levels and are also assisting them in their management.

The co-operative legislations in all the States of the country, have therefore, introduced the concept of Government nominees on the Board of Directors in co-operative institutions where they have made contribution toward their share capital. Under the new Co-operative Societies Act of Haryana, the Government nominees are to be appointed only in such societies where the share capital contribution by the State Government is more than Rs. 1 lakh.
Since the co-operative institutions very badly lacked in management, the legislations also provided for the appointment of Government officers as Managing Directors. The Co-operative Law also has vested very vast powers in the Registrar of the Co-operative Societies covering all aspects of registration, management, settlement of disputes, inspection, audit etc. Registrar, Co-operative Societies is known as the 'Trimurti' of Co-operative movement i.e. its 'Brahma', 'Vishnu' and 'Mahesh' are the Creator, the Destroyer and the Preserver of the Co-operative Societies. The functioning of the co-operative institutions under this arrangement has led to concentration of more powers in the Government functionaries. Such an arrangement for the functioning of credit co-operative institutions, is peculiar because of the peculiar conditions of a developing economy like ours. On the one hand, the co-operatives are required to play a very big role for quicker growth in agricultural development, which is possible only when State Government participates very liberally towards their share-capital to strengthen their financial base. On the other, the State Government would like to ensure smooth and proper management of such institutions to play their role properly especially when they have invested huge funds towards their share-capital. To ensure this, the State Government appoints Government officers as
Managing Directors and Government nominees on the Boards of the co-operative institutions, which unfortunately weakens the system of democratic functioning of these institutions.

5. What has been the achievement so far in Haryana State in achieving the ultimate objective as well as the ideal functioning of credit co-operative structure?

The Five Year Plans of the Central Government as well as of the State Governments have given a clear direction to provide all sorts of assistance for the smooth and efficient functioning of the co-operative societies at all levels. For this purpose, various steps have been taken to reorganise and restructure the societies in order to make them viable and also capable to discharge their functions properly. Some of the steps taken to assist them in their functioning are mentioned as below:

(i) Liberal contributions have been made towards their share-capital to strengthen their financial base, with a view to enable them to borrow larger quantity of funds for providing substantial amount of credit to the farmers. State Governments also provide managerial subsidies to assist the weak credit societies.

(ii) Common cadres have been constituted to provide professional management to the co-operative institutions.

(iii) In important co-operative institutions, senior Government officers are appointed to function as Managing Directors to
ensure the smooth growth of business and efficient functioning of the co-operative institutions.

(iv) Government nominees are appointed to assist the elected Board of Directors in the smooth and efficient functioning of the co-operative institutions.

(v) The Co-operative Law, the Rules and the Bye-laws of the co-operative societies provide for the democratic functioning of the co-operative institutions through the General Body, the elected Managing Committee and other committees.

(vi) Arrangements have been made for the periodical review of the functioning of co-operative institutions through periodical inspections and audit.

(vii) Provision has been made in the co-operative law for action against undesirable functioning of the members as well as the Managing Committees.

(viii) Safe-guards have been provided under the law for the weaker sections for ensuring their participation in the management as well as for providing credit to them.

As a result of the above mentioned as well as other steps which have been taken to strengthen and to ensure the smooth functioning of the co-operative institutions, a reasonably strong infrastructure has by now been developed to provide agriculture credit. We have already seen that
the Primary Agriculture Co-operative Societies in Haryana provided around Rs. 180 crores as agriculture credit in 1983-84. For doing so, the Central Co-operative Bank assisted them to the extent of about Rs. 175 crores and the Apex Co-operative Bank of Haryana provided to the Central Co-operative Banks, credit limits for the above purpose, to the extent of Rs. 147 crores. This is a very big achievement on the part of co-operative credit structure of Haryana which has been instrumental in bringing about quite a fast agricultural development in the State thereby improving the prosperity of its people. Similarly, the long-term credit structure has also provided quite a sizeable amount of loans as investment credit. The Primary Land Development Banks gave an investment credit of more than Rs. 43 crores. Since the formation of the State of Haryana, this structure has financed the purchase of around 25,000 tractors and has assisted the installation of more than one lakh tubewells upto 30,6.1985. The long-term structure has also assisted the farmers in the reclamation of their lands, to provide sprinkler irrigation, orchard plantation, dairy, poultry, piggery, fishery, farm forestry etc. Thus, they have also lent a very big support in bringing about the green revolution in Haryana.

Even though, the credit co-operative institutions
have been effective in meeting the challenge of providing credit for faster growth of agricultural development, yet the co-operative movement suffers from the following deficiencies:

(i) Lack of democratic functioning:

It has been noticed that the meetings of the General Body are not convened regularly at any level. Even the Apex Co-operative Banks are not regular in convening their meetings. Similarly, the elected Board of Directors do not enjoy much of a freedom in their functioning because of the posting of the Government officers as Managing Directors and the Government nominees on the Board of Directors of the Co-operative Institutions. The constitution of common cadres for the co-operative institutions has further tightened up the grip of Government control over the functioning of these co-operative institutions.

(ii) Lack of Monitoring and review of the functioning of Managing Directors and other Government nominees:

At present there is no system in Haryana of monitoring and reviewing the functioning of Government officers working as Managing Directors and also that of the other Government nominees on the Boards. In the absence of such a system, it has been noticed that the Managing Directors do not function in a responsible manner. They do not convene the meetings of General Body regularly.
They dominate and influence the elected Board of Directors in all decisions taken by such Boards. There is no check over the expenditure and other irresponsible functioning. At occasions they also recruit staff in excess of the requirement, just to accommodate some pressures or to oblige their own men. The Government nominees also do not discharge their duties in a responsible manner.

(iii) Inadequate supervision and control over the functioning of Common Cadre Functionaries

It has been noticed in the case of the common cadre of the Central Co-operative Banks that the Development Officers and the Executive Officers do not regularly inspect and visit the Primary Agriculture Credit Societies to supervise and guide the functioning of the Secretaries of the Mini Banks. This has resulted into the malfunctioning of the Mini Banks. Even though detailed procedure for such inspections has been provided in the Loan Manual, it has not been followed in letter and spirit. There is also no regular system for monitoring and reviewing the work of supervisory officers mentioned above. The delinquent officials are also not punished and the work of supervision is not given its due importance.

(iv) Frequent transfers of the Managing Directors and the Common Cadre Functionaries

It has been noticed that the Government makes very frequent transfers of the Managing Directors both
at the Apex Bank level as well as at the Central Co-operative Bank level. Similarly, the Common Cadre functionaries are also transferred very frequently, mainly due to outside pressures. Frequent transfers are very damaging to the functioning of the commercial organisations like the credit co-operative institutions and have a demoralising effect on the functionaries.

(v) Lack of review on the loaning procedures:

Even though the State of Haryana has tried to provide quite elaborate and simple procedures for the advancement of loans, especially for the short and the medium-term credit, yet there should be a regular system of review on the functioning of such procedures. The changed circumstances require change in the procedures also. And as such, a regular review of loaning procedure is very necessary. It has been noticed that several drawbacks have crept in, in the implementation of procedures laid down in the Loan Manual prepared in 1976. Similarly, it has also been noticed that the procedure adopted by the Primary Land Development Banks in processing the loan applications is also very cumbersome which also needs simplification.

(vi) Lack of planning:

There is no systematic planning to work out the requirements of credit in a year for every district, as
well as, for the State as a whole. It has been noticed that scales of finance for short-term credit have been laid down by the Agriculture department, and the Central Co-operative Banks assess their requirement on that basis. But in practice, it has been noticed that the optimum level of investment recommended by the Agriculture department is not followed by the farmers. This results into computation of higher limit of fertilizer requirement. The policy of the Government on the lifting of fertilizer by the members of the co-operative societies has varied from time to time. At occasions, no cash was allowed before the fertilizer was lifted, and at other occasions such restriction was waived. The farmer is compelled to purchase a higher quantity of fertilizer when such condition had been laid. This resulted into compelling the farmer in purchasing the fertilizer at a higher price and selling the surplus stock at a discount. Such a system adds to the indebtedness of the farmer and reduces his repaying capacity.

It was also revealed that no perspective plan for a complete requirement of credit has been prepared either at the State level or at the district level. The target for credit are fixed with some percentage of growth e.g., 10% growth over the previous year. If a perspective plan is prepared and entire requirement is assessed, the credit
structure can be restructured to meet the total requirement.
In Chapter V we have noticed that the short-term agricultural
advances are required to be more than doubled, keeping
in view the estimates of total requirement for such credit.
The present co-operative credit structure has neither been
confronted with this requirement nor it might be able to
meet this, only because advance planning has not been done.
Similarly, medium-term loans advanced by the primary societies,
the Central Banks and the Apex Bank are very meagre. More
advances in this category are needed.

(vii) Lack of attention on the Weaker Sections:

The Co-operative Societies Act has made a provision
for the reservation of seats for the members of the
weaker sections in the Board of Directors/Managing
Committees of the Co-operative institutions and have also
prescribed the minimum limit of loans to be advanced in
their favour. However, these provisions are not sufficient
in themselves, to improve their economic conditions. They
need special attention and special programme for their
uplift. Small and Marginal Farmers, landless agriculture
labourers, rural artisans etc., need credit-worthy schemes
for dairy, poultry, piggery, fishery and cottage and
village industries. Medium-term or long-term loans may be
given to them for the above mentioned schemes alongwith
marketing support to help them in augmenting their income.
(viii) **Lack of Deposit Mobilisation**

The deposit mobilisation by credit co-operatives lags behind while other financial management is keeping pace with the overall growth of the co-operative movement. Since the credit co-operatives enjoy Government patronage, special efforts are required to boost up the deposits.

(ix) **Lack of adequate attention to recoveries**

It has been noticed that recovery position of the credit co-operatives has deteriorated in the State of Haryana especially during the last 3-4 years. This has resulted into the mounting up of the overdue. Special attention is required for improving the position of recoveries. Heavy overdue may result into choking the credit line.

(x) **Lack of Co-operative Education**

The socio-economic conditions of the people in our country, especially in the rural areas, require a regular system of co-operative education for them to ensure the success of democratic functioning of the co-operative institutions. The active participation of the members of the co-operative societies at the meetings of the General Body and the Managing Committee, can be achieved only when regular arrangements are made to provide them co-operative education.
6. What is required to be done to improve the capacity and capability of the Credit Co-operatives in Haryana on the basis of past experience and achievements?

We have already analysed the achievements and the shortcomings of the co-operative credit structure on the basis of the working of co-operative institutions in Haryana. We have noted that these institutions have made a significant contribution in providing agriculture credit, but they are expected to shoulder this responsibility on a much larger scale. These institutions have already covered all the villages of Haryana, and about 75% of the rural families have been brought under their fold by enrolling them as members. They have also been able to strengthen their financial base in terms of share-capital, owned funds, deposits, borrowings etc., but, a lot of ground still remains to be covered. The following recommendations are made to enable them to meet the challenge of enhanced responsibility for providing agriculture credit and also for improving the quality of their functioning:

(i) Need for gradual transfer of more powers to democratic institutions.

The general impression that co-operative institutions are functioning like other Government departments is required to be removed. The supervision and control by the Government to a desirable extent is justified but a system
should be devised for the gradual transfer of more powers to the democratically elected Boards. For this purpose, it is suggested that a high powered committee should be constituted under the chairmanship of the Minister, Co-operation or the Secretary, Co-operation. This Committee should devise a scheme for allowing more freedom to the co-operative institutions and should periodically monitor and review its implementation. This Committee should also review the functioning of the Managing Directors appointed by the Government. The matters for review may include items like - the holding of the General Body meetings, functioning of the Board of Directors and other Committees, At present, the General Body meetings are not convened regularly even by the Apex Banks/Federations which indicates that no sanctity is attached to the functioning of these democratic institutions. The Registrar, Co-operative Societies may hold such a periodical Review at the District Headquarters for obtaining better results.

(ii) Need for a minimum term of posting for the Managing Directors to ensure stability and efficiency:

It has been noticed that the Managing Directors are transferred by the Government very frequently. Such transfers do a great damage to the functioning of the institution concerned. It is suggested that a minimum tenure of three years for the Managing Directors should be fixed.
(iii) Need for a regular review of the functioning of the Common Cadre:

The circumstances keep on changing with the growth of co-operative institutions, and as such, wherever common cadres have been constituted, they should be reviewed periodically, keeping in view the changed circumstances of their functioning. In Haryana, it was noticed that the common cadre for the Secretaries of the primary co-operative societies was constituted a decade ago in 1975. A lot of problems and deficiencies have crept in, in the functioning of the Secretaries and as such there is an immediate need for a thorough review of this common cadre. On the basis of the functioning of this cadre, as already suggested, the Secretaries may be permanently assigned to particular societies and the local Managing Committees should be given complete control over their functioning including minor punishments. The powers of appointment and major punishments like dismissal etc., could be retained with the Central Co-operative Banks. If this above suggestion does not find favour with the authorities, at least a tenure of 3 years should be prescribed for the Secretaries. It is also recommended that the Primary Societies and the Secretaries should be classified into three categories on the basis of the size of business and emoluments of the Secretaries should be fixed accordingly.
(iv) Need for ensuring the multi-purpose functioning of the Primary Credit:

The Primary Credit Co-operative Societies have been designed to provide credit and other services to the rural people, under one roof. We have already noticed that major attention of the Primary credit co-operative societies, has been only on providing agriculture credit, mainly as crop-loans. Other business relating to the sale of agricultural inputs, sale of consumer goods etc., is not adequate. There is a need for expansion in business on the supply of agriculture inputs like fertilizers, seeds, pesticides etc. and also for the sale of consumer goods through these grass root level societies. More attention is required even to the advancement of loans to the small and marginal farmers.

(v) Need for reduction in Expenditure:

We have noted that almost all the Central Co-operative Banks and the Apex Banks are earning good profits. However, it has been revealed that the percentage of expenditure to gross income has been very high, in most of the cases, as high as 80-90%. This appears to be very excessive and is required to be cut down. It is suggested that O & M studies should be carried out for suggesting some measures for reducing the expenditure.

(vi) Need for the viability of certain credit institutions:

We have noticed that some of the primary co-operative
societies are still not viable inspite of the completion of the re-organisation programme. Such non-viable societies should either be merged with the adjoining co-operative societies or their business should be expanded to make them viable. Regular monitoring on their working is also recommended to review their working from time to time. The viability criterion should also be reviewed from time to time.

(vii) Need for rehabilitation of weak PLDBs:

It has been noticed that some of the PLDBs are undergoing losses and as such, they are required to be assisted by the Apex Land Development Bank under the rehabilitation programme. The Haryana Co-operative Societies Act already contains a provision for the creation of a 'Rehabilitation Fund' for such societies. The Government/Registrar, Co-operative Societies should direct the Apex Land Development Bank to start a 'Rehabilitation Fund' for the rehabilitation of weak PLDBs on regular basis. It is also suggested that a criterion should be laid down for the minimum loaning business/income for each PLDB and a ceiling should also be laid down on expenditure. It should also be ensured that no excessive staff is posted with the PLDBs to avoid wasteful expenditure. It is also suggested that the PLDBs should start advancing short-term credit also to their creditors as advised by the NABARD.
(viii) Need for an effective Leadership Role by the Apex Institutions:

It has been noticed that the two Apex Banks are earning sizeable profits but some of their federating units are not doing that well and some of them are even undergoing losses. The Apex Banks, being the Federations of the lower co-operative societies, should regularly monitor the performance of these federating units and should provide them timely assistance in all respects.

The Apex banks are also running co-operative training institutes for the training of their staff. It has been noticed that a proper system for in-service training has not been devised. It is suggested that short-duration refresher courses should be planned and all staff members should be given these refresher courses by rotation.

The two Apex Banks should also separately set up with them a Research Cell and also a well-equipped library. The Research Cell may keep on designing new systems and procedures, based on past experience, to introduce improvements in functioning.

(ix) Need for clearly demarcating the powers and functions of the Managing Director and Board of Directors:

At occasions a tussle for supremacy of power, is witnessed between the Managing Director and the Board of
Directors. To avoid un-necessary controversy, it is suggested that powers to lay down the general policy guidelines should be given to the Board of Directors and the implementation of such policy guidelines, should be left to the Managing Directors. However, the powers and functions of the two should be clearly defined to avoid any confusion.

Besides, there is a lack of demarcation of functions of the Managers and the Managing Directors in the Central Co-operative Banks. It is suggested that the functions and powers of the Managers should also be laid down in the interest of smooth functioning of these Banks.

(x) Need for boosting up Deposits and reducing overdues:

We have already recommended that the Credit Co-operatives of Haryana which lag behind in Deposits, should make special efforts for boosting them up.

The position of recovery of loans has remained one of the best in the country but an upward trend in the overdues has been witnessed during the last 3-4 years. They are required to be kept under check. The supervisory field staff of the Central Co-operative Banks and that of the Apex Land Development Bank should be activated for this work. The supervisory staff should also help the staff of the primary societies in their functioning through regular inspections and visits.
(xi) **Need for regular arrangements for co-operative education**

We have noticed that the Co-operators in Haryana are not very enlightened and as such are not in a position to actively participate in the functioning and management of co-operative institutions. It is suggested that regular arrangements should be made through the two Apex Banks to provide co-operative education. It is also recommended that the Government should make co-operative education as a part of curriculum of the school education.

To sum up, we may say that the credit co-operative structure of Haryana has served a very useful purpose in boosting up the agricultural production in the State, by providing production credit as well as investment credit in a big way. The State Government has assisted them financially to broaden their financial base by liberally contributing towards their share-capital and has also assisted them in management. The posting of Government officers as Managing Directors in such institutions has weakened their democratic functioning but that appears to be a necessary evil at this stage. This should not cause undue anxiety. However, the sanctity of democratic institutions must be maintained and any wilful or negligent default must be viewed seriously by the competent authorities.
The business and functioning of these institutions has already crossed the take off stage and as such the managements of these institutions should be allowed more freedom in their functioning keeping only appropriate checks on them. The business requires further expansion and special attention is required to the needs of small and marginal farmers and other weaker sections. Nevertheless, a regular system of planning, implementation, evaluation and monitoring, as suggested by the study would go a long way in establishing a true co-operative credit structure.