CHAPTER 9

Epilogue with Suggestions

9.1 Problems and remedial measures

The co-operative movement was initiated in the country including West Bengal with a view to supplying agricultural credit at cheaper rates to the farmers. Now it has been diversified and has taken roots in all aspects of economic activity like processing, marketing, banking, farming and also other social welfare activities in rural as well as urban areas.

Co-operative law is the backbone of the co-operative movement.

The success of the co-operative law depends more on its implementation than the interpretation of its clauses in the law courts. The amended West Bengal Co-operative Society Act reflects the genuine desire of the State Government for placing the co-operative movement on a sound footing, and its provision will help the weaker sections to derive advantage of the facilities being offered by co-operatives in the state. But the co-operatives in the state are facing problems. Such as: (i) complicated procedure; (ii) partial credit supply to the members; (iii) problems of outstanding due from members; (iv) general apathy of management; (v) unfavourable attitude of state government; (vi) lack of flexibility in crop loans; (vii) emphasis on credit; (viii) need for co-ordination between marketing and credit societies.
(ix) inefficient management;

(x) lack of trained personnel

(i) Complicated Procedure:

Members of Primary Credit Co-operatives have to fulfil too many formalities before applying for a loan. They have to mention the area of land, its quality etc. It is very difficult for them to satisfy all these formalities. Members get loans after three or four months. This period is very long for meeting their needs in agriculture.

(ii) Partial Credit Supply to Members:

The main defeat with the credit and multipurpose societies is that they are unable to meet all the loan demands of the members due to their weak financial position.

(iii) Problems of Outstanding due from Members:

Problems of outstanding are classified into two parts: (1) external and (2) internal:

External causes are those which are beyond the control of the lending institutions, like the occurrence of natural calamity.

Internal causes are those relating to organizational and supervisory arrangements obtaining within the institutions. It seems that there has been lack of a direct and positive relationship between external factors and the level and trends of overdue. The general backwardness of a district or the occasional occurrence of natural calamity in an otherwise developed district only serves as a pretext for widespread willful default. On the other hand, certain internal factors such as the size of business and presence of a full time paid secretary, where favourable have
kept the level of overdue in a comparative sense, low or at least had prevented a further rise. It also appears that lack of will and indiscipline among the cultivators to repay is the principle factor contributing to the prevalence of overdue. Default thus appears to be by and large willful, which at once makes it a problem to be tackled on the educational and social plane. About three fourths of overdue can be said to have arisen out of willful default.

Co-operatives continue to follow defective lending policies. The scales of finance are not fixed on realistic basis. Loans are sanctioned without adequate assessment of the borrowers repaying capacity and there is a tendency to allow disbursement of kind loans in cash. Lending was also more security-based than purpose oriented.

(iv) General apathy of management:

It can also be assumed that local body of the co-operative society will work with a great sense of responsibility and zeal to ensure the recovery of the loans of their own institutions. But the managing committees show general apathy in the recovery of loans. In fact a large number of members of managing committee are themselves found to be defaulters.

(v) Unfavourable attitude of State Government:

State Government is responsible for the creation of an atmosphere which led to non-recovery of overdue writing off agricultural loan is a serious impact on the recovery of co-operative loan. It creates an impression among defaulters that their loans also need not be repaid. Besides these, a common complaint for the members of the co-operatives is that they do not get loans in time. If the credit is not issued in
time, members approach the local money lenders or traders to meet their immediate needs. Thus when co-operative loans are sanctioned they accept and use the loans for some other purposes. Delayed credit tempts the borrowers to misuse it and it becomes difficult for them to repay the co-operative loan in time. Thus it leads to accumulation of overdue.

(vi) Lack of Flexibility in Crop Loan:

In case of crop loan system the farmer has to fulfil certain formalities which he does not like. Sometime these loans are supplied in cash in a fixed percentage. If a member wants more cash he is unable to get it under this method. The government is also not in a position to give assurance to supply the required seeds, manures and other requirements to get the crop in time.

(vii) Emphasis on Credit:

The co-operative movements, as it is, began with the supply of cheap agricultural credit, later on it expanded in different directions. Landowners alone reaped the benefits. The landless agriculturalists and other weaker sections of the society remained neglected.

(viii) Need for Co-ordination between marketing and credit societies:

The efficiency of the credit co-operative can be considerably increased, if they command control over the produce of the members on the one hand and ensure proper application of loans advanced by it on the other. With this end in view efforts are being made to co-ordinate the activities of marketing with credit societies.
(ix) **Inefficient Management:**

The office-bearers and members of the managing committees of the societies grab all the power and advantages of loan etc. are being taken by them. Their defaults are not brought to light. They shun away the auditors and avoid meeting the official concerned.

It is also true that power politics has crept into the village due to decentralization of administration. Elections are being fought on group basis. The latter try to influence the decisions of the co-operative department.

(x) **Lack of Trained Personnel:**

In most co-operative societies, the office personnel are not trained. Despite instructions from the Registrar the President of the societies do not bother to appoint trained personnel. They want to appoint their own men in the societies. Therefore training to the personnel should be made compulsory. The state government and the co-operative institutions should provide. Definite incentives to the trained personnel at all levels are required.

The teaching of the principles of co-operation should be introduced in the curriculum of schools and colleges at every stage to make students understand co-operative principles and to inculcate the feeling of co-operation among them. This ultimately may lead to the certain of future co-operative leadership.
9.2 Suggestions

When the PACS or Primary Agricultural Credit Societies are effective in meeting the challenge of providing credit for faster growth of agricultural development yet the sample societies of Kalna Sub-division, Block-I & Block-II suffer from the following deficiencies:

(1) Lack of co-operative education amongst the members even the work personnel involved with the societies.

(2) Lack in the recovery of loan procedure adopted by the societies.

(3) Non inclusion of the weaker sections of the rural people proportionately in comparison to affluent classes in the functioning of the PACS, as a result, weaker sections are not getting benefits in true sense.

(4) Lack of controlling and checking procedures by the apex co-operative bodies.

(5) Lack of deposit mobilization by the societies.

(6) Lack of review on the loaning process adopted by the societies and related bodies.

(7) Lack of systematic planning and management to workout the requirement of credit.

(8) Lack of democratic functions: Including the above shortcomings and drawbacks many other deficiencies have been experienced with the interaction of the beneficiaries at the time of field survey. There is a great need for ensuring the multipurpose-functioning of the primary credit and a regular review of the functioning of the common cadres.
The controlling apex bodies should be vigilant in controlling the affairs of their lower bodies. It has been noticed that apex co-operative bank is earning sizeable profits but some of their feeder units are not doing well and even some of them are undergoing losses. So apex bank should control the societies properly.

9.3 Conclusion

Agricultural development cannot be treated as complete with the inflow of short and medium term loans for the farmers. Correlated with credit, are marketing, processing irrigation etc. which can bring about economic prosperity to the cultivators. Therefore, organization of co-operatives for such purposes is very necessary.

The agricultural co-operative societies are doubtlessly democratic institutions and they are expected to have democratic management as well. Each one of them is being governed by its own bye-laws. Yet these societies are victims of mismanagement, malpractices and over-administration. So long as they are not managed efficiently they would be unable to produce better results. For this purpose the employees of these societies should be given proper training and the system of deputation should be brought to an end. Cadres of the employees of the societies should be formed and members should be more loyal to their own societies.