

A Study on Problems and Prospects of the Primary Agricultural Credit Societies in Andhra Pradesh with Special Reference to Guntur District

***Dr.Talluri Sreekrishna**

****G.Nageswara Rao**

* Associate Professor, Dept of Management Sciences,
RVR & JC College of Engineering, Guntur-19

** Research Scholar, Acharaya Nagarjuna University

Abstract:

Man is a social animal imbued with desires and aspirations and which can be fulfilled within society. Co-operation is basic to the development of human beings and ultimately to the progress and prosperity of society at large. Human body system is a good example of perfect co-ordination among the different organs. Similarly, human beings have to co-operate for the happier and healthier life. It being an agricultural country, cooperation is on special relevance to India. Agriculture is an occupation where a very large number of agricultural workers are scattered over a very large area. As against this, non-agricultural businesses are concentrated in a limited space. Many people come to work and go back home after work is over, not so in the case of agriculture. Scattered over large areas, agriculturists have their homes near their place of work. In the context of this, one may mention two special features of Indian agriculture, which have kept this occupation in a state of backwardness. One is that farmer in India looks upon agriculture not as a business, but as a way of life and, therefore, runs it on the basis of old and traditional values of an agrarian society. Two, Indian farmers by and large are very small and poor. They are chronically short of land, capital knows how, etc. They conduct agriculture on a small-scale and use old and primitive farm-practices. In account of the defective institutional arrangements, they have no incentives for putting hard work or for making improvements in agriculture. Therefore a historic fact as remarked by Smith Levis “co-operation is one of the economic miracles of the last century”. Majority of the official committees on rural credit, therefore, categorically, recommended the cooperative credit institutions, as the only perfect means of purveying agricultural credit.

Keywords: Agriculture, Traditional Values, Historic Fact, Cooperative credit Institutions

Cooperation is much older than the mankind. Formation of social groups in the outcome of reflexive co-operation whiles the life of ants, bees wasp, lions etc., provides the best example of instinctive co-operation. The practice of instinctive co-operation has contributed to the development of human race more than any other factor right from the hunting age up to the present day. The progress and development of human beings, in all spheres, social economic, religious and political is marked by a sense of thinking working and living together. According to biologist co-operation has acted more powerfully towards the development of man than the batter competitive struggle for existence. In India, throughout the ages, the people and communities worked together on an inform co-operative basis with regard to their religious, social, economic and cultural life. Co-operative movement is not aimed at reforms of merely the economic organization, it has a wider basis, indeed, has socio-political and even ethical bearings.

India adopted a socialistic pattern and pursued the policy of a mixed economy with features of both capitalism and socialism. The Planning Commission, which was established in 1950, set the social and economical targets, based on equity and justice. With the objective of self-sufficiency public sector recognized key of

development under the direct control of the State. The second sector of the economy i.e. private sector came under the regulatory mechanism of the State. The third sector of the Indian economy, which would act as a balancing factor for the limitations of the public and private sector, was the co-operative sector. Co-operative institutions recognized as important agents of rural development, social justice and equity. The co-operative movement must be financially strong, organically integrated, professionally managed and forward looking.

The importance of present study is to emphasize the fact that different problems are very much in store in these societies and that this study aims at the dissolving the varied problems of these societies. So far, many have conducted studies, which are on place and the role of Primary Agricultural Credit Societies in a developing economy with reference to India. However, there has been little attention paid on these problems. Though there are certain studies, which have probed into the problems of PACS Units, they are conducted prior to enunciation of New Agricultural Policy & Economic Reforms, 2012. The present study endeavors to throw light on the varied problems of PACSs during the post implementation of New Agricultural Policy & Reforms. Further, this study facilitates the policy makers in the formulation of certain new policies in the light of changed conditions to resolve the problems of Primary Agricultural Credit Societies. The study also finds out certain new areas, which are opened for future research.

Various expert committees were appointed to study the development of cooperatives and to make the recommendations for the sustainable development of cooperative movement, from time to time, as and when the Government felt that something was wrong with the movement.

According various studies and Reports of Committees in this chapter shows that many a PACS in India are unviable and unsustainable conditions due to lyses in management, and processing of lending besides the inability to recover loans from the formers.

Having studied the works of various authors and scholars as well as Reports of committees the researcher has to study the Reports and Recommendations of various Commissions. It is important to overview the cooperative movement in Indian content, along with a brief study on cooperative movement in International context.

The Andhra Pradesh State Co-operative Bank Ltd., (APCOB) is a Scheduled State Co-operative Bank for the State of Andhra Pradesh. The Bank is committed to agricultural and rural development through the Cooperatives. The cooperative credit system in Andhra Pradesh with the APCOB at its apex level is a federal system consisting of a family of 22 affiliated District Cooperative Central Banks (DCCBs), which in turn, have 616 Branches and 2802. Primary Agricultural Cooperative Societies (PACS) through which, developmental agricultural credit is provided, to serve a sizeable chunk of the total membership of the PACS of around 1.5 crores.

The study assumes greater significance in the absence of similar study or studies pertaining to Primary Agricultural Credit Societies in Guntur District. This study is relevant particularly when the government promotion and development of capital sharing and labour intensive societies. In spite of several ways of support extended to these societies by the government. These societies are not performing up to the expectations as they are as been cob webbed with manifold problems.

In Guntur District, there are 167 PACS, situated at different places spread over three revenue divisions, namely Guntur, Tenali and Narsaraopet.

Before the amalgamation, there were 287 PACSs in Guntur district. Later, on the unviable PACSs were merged into viable PACS and the number of PACS has come

down to 167. Of these 167 PACSs 56 are in Guntur division, 67 are in Tenali division and 44 PACS in Narsaraopet division.

However, it may be said that the performance of PACS is not up to the mark, which need to be made viable with the proper management and lending and Recovery system. Having observed the unsatisfactory performance of the PACSs in Guntur District, it is however needed to examine the problems in the opinion of the borrowers. So, the researcher with this chapter the researcher has fulfilled the fourth objective to examine the Trends in the Lending and Recovery Performance of the sample PACSs examined them.

It is surprising notice, though the government has implemented loan waiving scheme, majority of the members could not utilize it under the reason that it is not applicable to them. By discussing problems of Sample PACS in Guntur district the fifth and sixth objectives to analyse various problems faced by sample units in Guntur District. Under reference and to trace out the causes for unavailability and loss of sample PACS according to the opinion of the borrowers, it may be noted that the PACSs are not issuing required amounts of loans to them. Consequently, the borrowers are completed to borrow loan on high rate interests from non-institutional agencies. As a result, the borrowers are unable to repay loans to PACSs and thus they have become unviable with this, the researcher has summarized his work along with findings of his works and concluded the research work.

Problem of the Study

It is an established fact that the Primary Agricultural Credit Societies have been the hub for many economic activities in developing countries by virtue of their special features of capital sparing and labour intensiveness. In fact, the Primary Agricultural Credit Societies have a major role to play in developing nations, which suffer from low capital formation and high growth of population. Realizing the important role of the Primary Agricultural Credit Societies, the government of India has taken several measures for their promotions and smooth functioning and allocated crores of rupees for its development during the plan periods. But to the dissatisfaction of many, including government agencies, the sector has not been working satisfactorily owing to different problems faced by the Primary Agricultural Credit Societies, both at the promotional and operational levels. Against this backdrop, the present study has been taken up to assess the working performance of PACSs analyzing the problems faced by them. To carry out the study on sound lines, it is hypothesized that the PACSs suffer from more than one problem.

Before carrying out an in-depth survey, the researcher has conducted a pilot survey to understand the perceptions of the sample, within the preview of the following objectives. Basing on the responses extracted from pilot survey, the researcher has predicted the following hypothesis.

Hypothesis of the Present Study

1. There is Negative relationship between the waiving of loan and mounting up of over dues
2. The performance of the PACS has been increasing satisfactorily
3. PACS lending sufficient amount of loan to the members to meet the agricultural needs
4. All members of PACS are utilising the loans only for agricultural purpose.
5. The members of the PACS do not depend on non-institutional agencies for their agricultural credit.

To test the validity of the hypothesis, the Primary Agricultural Credit Societies, working societies of Guntur district are selected for study. To avoid any ambiguity in dealing with the hypothesis and to organize the survey comprehensively, the objectives of the study are adopted.

Objectives of the Study

The principle objective of the study is to identify the problems encountered by Primary Agricultural Credit Societies and to suggest suitable measures that would resolve the problems. The specific objectives of the study are:

1. To study the Evolution and Growth of Primary Agricultural Credit Societies
2. To study the Reports and Recommendations of various Commissions
3. To study the present status of Primary Agricultural Credit Societies in Andhra Pradesh and Guntur District
4. To examine the Trends in the Lending and Recovery Performance of the sample PACSs
5. To analyse various problems faced by sample units in Guntur District under reference
6. To trace out the causes for unavailability and loss of sample PACS, and
7. To suggest such measures that deem fit based on the identified deficit areas to resolve the Problems of the Primary Agricultural Credit Societies.

Methodology of the Study

Statistical Data has been collected from primary as well as secondary sources. In order to collect primary data, a questionnaire has been canvassed. Before collecting the data, a pilot survey has been made and basing on it, slight changes are made in the questionnaire, than the data collected. The researcher collects the primary data personally. As the respondents do not have adequate knowledge to answer the questions in the questionnaire, many hardships are faced to collect the accurate data.

Secondary data has been collected from the records of Guntur District Co-operative Central Bank (GDCCB), Andhra Pradesh State Co-operative Bank (APCOB), and National Federation of State Co-operative Bank Limited (NAFSCOB).

The data for the study is as chronological data by taking 2004-2005 to 2011-2012, as study period because the year 2004-05 is the year of merging the unviable and viable PACS as one group in Guntur District. Whereas, the data taken for the study related to the whole nation and state of Andhra Pradesh is from 2002-2003 to 2011-2012.

Statistical tools such as percentages, tables are and diagrams are used to analyze the data. Further, in order to estimate the growth of different variables, simple growth rate are calculated by using the following format.

$$\text{Simple growth rate} = (\text{current year} - \text{previous year} / \text{previous year}) \times 100$$

Advanced statistical technique, least square method is also used to find out the growth rate.

$$Y = a + bT$$

In order to find out the trend by least squares methods, SPSS (Statistical Package for Social Scientists) in used. In order to find the least square equation the base year (T_0) is taken as 2003-2004.

Plan of the Study

The study is organized into 7 Chapters. Chapter-1 presents the Growth and Evolution of Cooperation and Agricultural Cooperative Credit Structure besides the status of PACSs in India. Further, the significance and role of PACSs in providing credit to the formers are also discussed. In chapter-2 outlines the Objectives and Methodology of the study as well as a brief survey of current literature and reports of various committees. Chapter-3 deals with growth of Co-operative Movement in Indian scenario, and International scenario. A brief review about Co-operative Movement in Andhra Pradesh is given chapter 4. Chapter-5 presents the Performance of sample units of PACSs in Guntur District of Andhra Pradesh. Reviews the problems and opinions of the borrowers of Guntur Primary Agricultural Credit Societies are analysed. Chapter-6 and Summary, Conclusions and the Suggestions that deem fit to recognize and streamline the functioning of PACSs on sound lines in Guntur District of Andhra Pradesh is given in the last Chapter.

Findings

1. It is observed from Table IV.2 that in all the years, the subscription of female members is low. It must be noted that on the whole, the subscription of membership in PACS has got declined.
2. It is observed from Table IV.3 that the Small farmers contribute the biggest share of membership subscription in PACS. Though the membership of marginal farmers is not negligible, it should be considerably increased
3. It is evidently clear from Table IV.4 that though the number of PACS has got decreased besides the membership, the paid up share capital, the Government's share, the Amount of Deposits and the number of shares involved have had gradual increase and improvement.
4. As depicted in Table IV.5, the largest number of villages, constituting 99.86 per cent was covered in the year 2003-04. In the final year of the study, 91.40 per cent was recorded. Though it is the least percentage, it cannot be considered negatively
5. Basing on the Table IV.6, it should be noted that the staff working in PACS has to undergo required training. Besides, the recruitment should be made properly following the required norms.
6. It is observed from the Table IV.7 though the amounts of Working Capital and Reserves along with, the amounts of Borrowings have gained increased of the Overdues and outstanding loans have also increased
7. It is clearly observed from Table IV.8 that in some of the years during the study period the required demand for both short term and medium loans has not been fulfilled by the PACS. The highest percentages, i.e. 88.67 per cent in 2010-11 and 85.51 per cent in 2011-2012 were recorded. During the years, from 2002-03 to 2008-09, the percentages of issued loans ranged from 62.29 per cent to 81.78 per cent. Thus, it can be said that PACS could not reach the required goal.
8. It can be said from the data in Table IV.9, if the recoveries are made to the maximum extent and the overdues area reduced, the working performance of the PACS will be perfect and the members will be benefited.
9. The growth rate related to profits showed in Table IV.10 negative trends for many years of the study period. In the final year of the study (2011-12), also it showed negative trend of -12.52. However, in case of loss, there was growth rate. The highest positive growth rate of 84.69 was recorded in 2003-04,

with an amount of Rs.12,13,508 lakhs. However, in the final year of the study the growth rate fell negatively to -3.25 with the amount of Rs.43, 97,019 lakhs.

10. It is observed from the Table V.4, the trend of Paid up Share Capital is positive with growth rate 544.886. The reason for increasing paid up capital growth rate is that many members of PACSs have availed agricultural loans expecting loan waiving from the government. But, in year 2008-09, there was no such decision by the government.
11. As depicted in Table V.4, the trend value of Share Capital invested in DCCB is positive with the growth rate of 78.196. As regards to Deposits of members with PACSs there had been three-fold increase from Rs.694.18 in 2004-05 to 1971.48 in 2011-12. The trend value of Deposits of members with PACSs positive with the growth rate of 190.49. The Deposits of PACSs in DCCB also has shown increase from Rs.1674.10 in 2004-05 to Rs.6872.52 in 2011-12. It is simple growth rate was the highest with 125.08 in 2007-08 and the lowest of -1.95 in 2009-10. The trend value of Deposits in DCCB is positive with the growth rate of 765.184.
12. According to Table V.9, the trend value of growth of Share Capital and Reserves is always positive with 269.918. The trend value of the growth working capital is also negative with -937.06. The trend value of growth of the fixed assets is negative with -16.144. The trend value of growth of Borrowing was always positive with 588.755.
13. As shown in Table V.12, the total amount of interest payable by the PACSs decreased from Rs.3041.84 lakhs in 2004-05 to 1694.74 lakhs in 2011-12, the highest simple growth rate was 11.34 recorded in 2005-06 and the lowest of 1.68 was recorded in 2010-11. There had been negative growth rates during three consecutive years, i.e., in 2007-08 (-22.46), 2008-09 (-11.31) and the highest of -36.72 in 2009-10. The trend value it is grow is always negative with -295.14.
14. As shown in Table VI.4, majority of them constituting 31.6% (79) have had primary education, 18.4% (46) have no formal education, 24% (60) have had secondary education and 15.2% (38) have had higher secondary standards. Only 10.8% (27) are graduates. So, most of the members of PACSs in Guntur District are either illiterates or semi-literates.
15. According to Table VI.8, for majority of the respondents agriculture and related activities are the primary occupation, while only 24 per cent of them have secondary occupation also. As shown in Table VI.10, out of the total 250 respondents majority constituting 64% (160) have tile roofed houses while a good number of them (64) constituting 25.6% have thatched houses / huts and only 10.4% (26) have R.C.C Buildings. From the above analysis, it can be said that Majority of the respondents are poor formers.
16. In Table VI.12, it is found 56% (140) have less than 2.5 acres of land while just 24% (60) have 2.5 acres to 5 acres and a negligible number (50) of them constituting 20% have above 5 acres of land. This indicates that most of the respondents are small farmers.
17. It is from Table VI.16 that majority members of the sample PACSs are not wealthy enough and have depend on loans or credits for conducting agricultural activities.
18. Since Majority of the respondents are of very low-income group. As shown in Table VI.18 and most of the members of PACSs have no considerable non-agricultural income. According to Table VI.19 and so, majority of the

respondents is completed to depend on moneylenders and have to borrow money on higher rate of interest and consequently yield to indebtedness, as confirmed from the data in Table VI.20, Table VI.21.

19. A good numbers of respondent's (100) who constitute 40% are compelled to sell their produces to the moneylenders disguised as traders. As they are indebted to them for which family expenses is the major cause for the indebtedness of the farmers. Table VI.28 and so the respondents are not able to repay the loan as their expenditure exceeds their income, or they might be expecting loan-waiving benefit from the government in Table VI.32.

Conclusion

1. It is observed from the Table V.3 that the over dues trend is increasing with an annual growth rate of 439.114. The simple growth rate of over dues for 2010-11 is 610.45 per cent, which is highest, and it is 15.03 in 2011-12. It is conclusion from those figures that the over dues is continuously mounting up and it is more from 2010-11 on words.
2. According to Table V.6, the short-term loans issued trend is 3933.511 where as the loan recovery trend is 3516.344. A medium term loan disbursed trend is 94.923 where as recovery trend is only 35.724 in Table V.7. The long-term information is quite opposite to short and medium term loans recovery is more (77.369) than loans issued (22.896). However, the amount of long-term loans is very less compared to other two Loans. It is impact on total recovery is very less Table V.8. These information states that recovery is loans than leads to conclusion that the over dues are increasing year by year.
3. In opinion poll of the respondents, 188 (75.20%) out of 250 have been benefited under loan weaving scheme. As per Table VI.39, to know about the impact of loan weaver on non-repayment of loan, a question was asked. The replies table VI.37 shows that 66.67 per cent have not repaid because of expecting loan waiver. The other responses are only 33.33. These figure it is concluded that there is heavy impact of loan waiver on loan repayment, which leads to mounting up of over dues. Basing on the above Conclusion 1, 2 and 3 the first Hypothesis. "There is negative relationship between the waiving of loans and mounting up over dues" is established.
4. The Table V.10 reveals that the fixed deposits trend is increasing at the rate of 37.142 and saving deposits at 129.394, BLD deposits 13.774, recurring deposits 10.204 and total deposits 190.469. All these rates are positive which shows that the performance of PACS is satisfactory. According to Table V.13, the profit amount shows increasing trend with 277.72 and the PACS making profit making is also increasing at 17.845. These statistics reveals that the profit making PACS and Profits of the PACS are increasing.
5. With regard to loans in different seasons, Khariffe loan is increasing at the rate of 3680.128 and total loan is increasing at the rates of 4109.52 which shown in Table V.5. The statistics of different term loans shows that short-term loans increased at 3933.511 (Table V.6), Medium term loans at 94.923 (Table V.7) and long-term loans at 22.896 (Table V.8) which states that the loans issuing performance is continuously increasing. Basing on the incessant increase of different deposits in Conclusion 4, continues increasing of profit making PACS and profit rate shown in conclusion 5. In case of different kinds of loans shown in conclusion 5 leads to establish the second hypothesis that "The performance of PACS has been increasing satisfactorily".

6. It is observed from the Table VI.22 that 196 (78.40%) out of 250 opined that the loan provided to them is insufficient to meet the agricultural needs. So according to Table VI.23 majority 66.33 per cent out of 196 depend on private moneylenders, followed by banks (15.81%), friends (12.76%), and others (5.10%). These responses of the respondents showing Table VI.22 and VI.23 concludes that the third hypotheses “PACSs are Lending sufficient amount of Loans to the members to meet the agricultural needs” is rejected.
7. It is observed from the Table VI.22, VI.23 that the loans are insufficient to meet the agricultural needs. Further, it is noticed from the Table VI.30 that 95.60 per cent out of 250 stated that they have diverted the loan amount to other purpose than that of intended purpose.
8. Further, it is observed from the Table VI.31 that out of 239 respondents, majority (51.85%) diverted for Social obligation followed by Education of children (18.52%), Health (16.67%), Domestic needs (7.40%) and house renovation (5.53%). These statistics reveals that there is diversion of loans from the intended purpose. Basing on the Conclusion 7 and 8, the fourth hypothesis “All members of PACS are utilizing the loans only agricultural Purpose” is nullified.
9. The data from the Table VI.22 reveals that 78.40 per cent (196) responded that the loan is insufficient to meet the agricultural needs of them. In order to fulfill the need of agricultural they depend up on non-institutional sources, which are shown in Table VI.23. Out of 196 respondents 130 (66.33%) depends on private moneylenders, 31 (15.81%) as Banks, 25 (12.76%), on friends and 10 (5.10%) on friend. The statistics in the table states that only 54 (21.60%) responded that the loan is sufficient for agricultural purpose. Basing on these responses it is concluded that as loan amount is insufficient to meet their needs, they are going for non-institutional institutions for their agricultural needs. This Conclusion rejects the fifth hypothesis i.e., the members of the PACS do not depend on non-institutional agencies for their agricultural credit.

Suggestions

Basing on the conclusions of the study, various suggestions are suggested to improve the performance of the PACS in Andhra Pradesh. Broadly, the suggestions are categorized into five namely:

- I. To Reduce Over dues,
- II. Provide Sufficient loan to meet Requirement,
- III. Suggestion relating to Loan Waiving,
- IV. Suggestions not to Divert Loan,
- V. Suggestion to improve General Performance

I. Suggestion to Reduce Over dues

- i. With regard to profitable agricultural production, it is suggested to provide training for agriculturists to produce high returns with low cost. Steps to be taken to provide high yielding variation of seeds and qualitative fertilizers and pesticides, which increase the income of the members.
- ii. The PACSs should take steps to not to lend money from moneylenders and help the members to get rid of indebtedness by affording them with required amounts of loans to the farmers for agricultural as well as for other purposes.

- iii. Improved marketing facilities should be provided to the farmers to sell their agricultural produces and avoid selling to moneylenders disguised as traders. This will reduce the over dues of the lenders.

II. Provide sufficient loan to meet requirement

- i. It is observed that the loan amount is insufficient to meet the need of the members. So that the PACS should provide the sufficient amount of loan. In order to provide sufficient amount, the procedures should be chased to that extent that the DCCB and APCOB shows provide required amount of funds. As such the rules may be relaxed.
- ii. The farmers should be afforded with sufficient amounts of short-term and medium term loans.

III. Suggestion relating to Loan Waiving

- i. Loan waiving it is intended for the benefit of the poor farmers at the loss of the crops due to natural calamities. But this waiving has become a political tool to grab votes at the time of Election. As such, the financially capable farmers are also not repaying the loans. As such, the over dues are mounting-up. So it is suggested hot to utilise this waiving for election strategy. Strict rules must be adopted to check the eligibility of the farmers for availing loan waiving.
- ii. The Government should take necessary steps to decide the eligibility of the farmer for getting benefited from this loan-waiving scheme.
- iii. The borrowers should be self-motivated and conscious not to utilise the loan waiving benefit if they are financially capable. As such, the Government and NGO should organise motivational and awareness to improve these in the financially sound farmers.
- iv. The members should be motivated that they should utilize the loans availed to the agricultural purposes only and their incomes should be increased.

IV. Suggestions not to Divert Loan

- i. Most of the members of the PACS are diverting the Loan to other purposes rather than the intended purpose. This is because of less income and less absorbing financial position of the farmers. This can be avoided by increasing the income level of the farmer. So that it is suggested that they have to make as members of other government self employment programmes, rural employment programme etc., in addition to agriculture. So that their income level increases, then there is little diversion of agricultural loan. Further, it is suggested that the Government should initiate steps to make their children educated and get employment in other sectors rather than agriculture.
- ii. The farmers should be afforded with sufficient amounts of short-term and medium term loans.

V. Suggestion to Improve General Performance

- i. The officials concerned should make the rules and regulations feasible for subscribing membership in PACS encouraging all categories of farmers. So that the subscription of membership may be increased to a considerable extent
- ii. Farmers as well as others should be motivated that they should deposit their savings in PACSs so that the PACSs may gain financial substitute name.
- iii. The official concern should educate and motivate the members of PACSs, towards saving so that the profits may be enhanced and the PACSs may attain sustainable viability. For that they are should organise awareness programme periodically.

- iv. The recommendations of the Task Force in accordance with its Terms of Reference are basically confined to credit cooperatives. The revival package suggested by the Vaidyanathan Committee is a financial package for wiping off accumulated losses, covering invoked but unpaid guarantees given by State Governments, increasing the capital to a specified minimum level, retiring government share capital and technical assistance. It has also laid down the eligibility criteria for institutions, amongst which implementation of the recommendations for legal and institutional reforms are an important condition.
- v. The employees of PACSs should be honest and sincere as well as friendly with members and they should be accountable for the sustenance of the PACSs.
- vi. Membership to be opened to Primary Credit Societies in area of operation to facilitate recovery of crop loans
- vii. Cooperative institutions to be allowed to raise deposits and a system of ensuring or guaranteeing deposits be evolved to build up public confidence.
- viii. There is need for qualified staff at all levels and appropriate training was emphasized; a study team has to be formed to examine and design training courses and determine the magnitude of training required at all levels.
- ix. There is need for proper linkage between production and investment credit to intensify modernization of agriculture and rectify imbalances in the credit structures.

Sum-Up

Since independence, the co-operatives have assumed an important role in the socio-economic development of the rural areas and certain policy initiatives were taken to restore them. Although there has been spread of co-operatives in almost all the sectors of the economy. The growth of co-operatives in spite of the traditional areas like credit, i.e. processing, marketing, fertilizer distribution, consumers, housing, labor etc. much remain to be done. The share of the co-operative in sustaining rural economy must be increased. Benefits of various programmes and projects should be percolated to the rural economy, a large section of the Indian economy. It is also needed to provide continuing support to the co-operatives by the government because the benefits of growth do not trickle down automatically. However, it does not mean that the co-operatives have virtually become government directed, controlled and regulated enterprises, and administrative interference by the government in the day-to-day working of the co-operatives. States required signing Memorandum of understanding (MoU) with NABARD, committing to implement the legal, institutional and other reforms as envisaged in the revival package.

The working of the sample PACS in respect of deposit mobilization, credit deployment and recovery of loans must be said to have produced a mixed record of success and failure. The supervision on the societies has been very much unsatisfactory and unproductive. The deposit position has not been up to mark. Even though the SAO loans operations are disclosing a satisfactory position, it has been partially offset by the mounting overdues problem. So, much stress has been laid on the lending policy that is assessing the cost of cultivation credit requirement and fixing the loan amount. Coordination of efforts between the Financial Agencies and Extension staff are very much essential. Sometimes, it may be necessary to change extremely high rates in order to discourage reckless borrowing and borrowing to reloaning. The recommendation made by RBI to disqualify the PACSs, whose overdues exceed 60% has to be followed. The linking of the credit with marketing agency has strongly been recommended by the All India Rural Credit Review Committee has to be adopted. Another viable suggestion is that the DRDA should release its subsidy only

at the time of repayment of the loan. Regarding the subjective factor of the banking management, it should infuse a sense of commitment among its staff. It should reward the honest and punish the black sheep. PACSs are advised to enhance their field staff and have a full time 'Recovery Team'.

References

Books

1. Breslin. S. "Paradigm Shifts & Time-Lags? The Politics of Financial Reforms in the Peoples Republic of China", Uni. of Warwick, UK. <http://go.warwick.ac.uk/wrap/> 2003.
2. Ravichandran, K. and Revethi Bala, R. "Rural Credit Access, Use and Repayment", Abhijeet Publications Delhi, 2008.
3. Shiyun Xia, "China's Rural Credit Co-operatives, Co-operative or Commercial", School of Economics, Renmin Uni. of China.(Shiyun_Xia%20-2007), 2007.
4. Xiangyu, G. "Rural Supply and Marketing Co-ops in China; Historical Development, Problems & Reforms", St. Paul, Nov. 2007.
5. Yoav Kistev. "Recent Experience with Agricultural Co-ops in Israel", (www. History of Co-op Movement in Israel Co-operatives) 2002

Co-operative Reviews, Journals & RBI Bulletins

6. All India Rural Credit Survey Committee, Report of the Committee of Direction, Vol.11, *The General Report*, Reserve Bank of India, 1954.
7. Avinash and Rainkar, V. "Co-operative Credit Institutions in India: An Overview", *Indian Co-operative Review*, Vol. 44, No.1, July 2006, pp.7-8 & 15.
8. Hota and Sharma. "Co-operative Credit Revamping Needed", *Yojana*, New Delhi, Vol. 5, July, 2001, pp 13-15.
9. Kaveri, V.S. "New Package for form credit - An Analyses", *Southern Economist*, , November, 15, 2003, Vol.42, No.14.
- 10.Kulkarni, S.K. "Co-operative Banking in India: Vision 2020", *Southern Economists*, May, 2005, pp.60-61.
- 11.Mishra, R.K. and Pattanaiks. "Repayment Performance of borrowers with respect to Agriculture loans to Khurda block of Khurda District", *Indian Co-operative Review*, Vol. 43, No.1, July 2005.
- 12.Murugesan, P. "Performance Indicators of PACS", *Indian Co-operative Review*, Vol.45, No.2, Oct 2007, pp.111 & 115.
- 13.Sukhdev Singh, Manindar Kour and Gill, S.S. "Performance of Agricultural Co-operative Service Societies in Punjab: An Appraisal", *Indian Co-operative Review*, Vol. XXXVIII, No. 4, April 2001, pp.244 & 253.
- 14.Valsamma Anthony. "Co-operative Banks in the Grip of NPAS", *Southern Economist*, February 5, 2005, Vol. 43, No. 20, pp.21-23.
- 15.Wong, Cham, LI. "Co-operates & the Agricultural Reforms in China: A Comparison with Hong Kong China", *An International Journal*. Vol. 4, No.1, March 2006.

Websites

16. http://en.wikipedia.org/wiki/co-operative_wholesale_society.
17. <http://Germany/The International Credit Union Movement.htm>.
18. <http://Germany/DGRV Co-op System in Germany Associations, The free Committee of Germany Co-op Associations htm>.
19. Liam Kennedy, “Co-operative Movement”, Oxford Uni. Press, 2007. <http://www.encyclopedia.com>] Assessed on 11th July 2009.