ADMINISTRATION AND EVALUATION OF CO-OPERATIVE AGRICULTURAL SERVICE SOCIETIES IN THE STATE OF PUNJAB WITH SPECIAL REFERENCE TO MOGA DISTRICT

SUMMARY

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The co-operative movement grew on the strength of the people’s own will in most countries of the world. In the Indian economy, co-operatives developed over time with the specific objective of financing agriculture and other economic units in the unorganized sector. After the enactment of the Co-operative Credit Societies Act of 1904, the movement passed through several stages during the last about 100 years of its existence. The growth of the co-operative movement till date has showed some quantitative and qualitative progress in terms of number, membership and working capital of co-operative societies.

After Independence, the Co-operative Sector emerged as one of the strong and vibrant economic forces in bringing about economic development as well as qualitative change in the upliftment of consumers especially Indian peasantry in the rural areas. Today the co-operative movement has got the distinction of covering 100 per cent villages in India along with 65 per cent of its households. Co-operatives have created a niche for themselves in the fields of rural-urban banking, agriculture and agro-processing including sugar production, dairy products, fertilizers production, marketing of agricultural commodities and the distribution of consumer articles in a way it has served both the rural as well as urban areas.

Punjab was not an exception; the movement touched almost every conceivable economic activity in the state. The public, at large, were taught the lesson of self-help through the co-operatives. The influence of the village moneylenders was considerably undermined in the state with the emergence and existence of the co-operative credit structure. Primarily, the Co-operative Agricultural Service Societies are of paramount significance for the rural credit needs of the peasants. Since Co-operative Agricultural Service Societies are confined to villages, they have acquired operational focus for the provision of adequate, cheap and timely credit to farmers. These societies, usually have intimate knowledge of socio-economic backgrounds of the members and are fully acquainted with the local production possibilities, generally penetrate close to the local needs of credit of the peasants in a small geographical area.

Farmers’ dependence on Co-operative Agricultural Service Society’s credit stems from various factors because these co-operatives are organized and managed by borrowers and have a limited area of operation. Most important, they are the oldest institutional agencies in Indian villages and have acquired a long experience in agricultural lending.
Subsequently, the co-operative societies were given a predominant role in the distribution of chemical fertilizers because of the Government policies to extend assistance to these organizations. It was believed that the fertilizers’ distribution activities would accrue monetary benefits to them. Secondly, with the co-operatives being a credit agency for farming, it was thought appropriate that they should handle the distribution of chemical fertilizers so that credit and fertilizers provision could be dovetailed for the benefit of farmers. Finally, co-operatives were seen as the only agencies for providing fertilizers to farmers in remote and inaccessible areas where private agencies were reluctant to open distribution centres. Highlighting the utility of co-operatives in this connection, B.S. Khanna observed: “Co-operatives, being the organization of the actual users, would ensure an efficient, effective and equitable distribution of chemical fertilizers.”

Besides being the purveyor of production credit, these grass-root institutions also served as multi-purpose units, providing a comprehensive range of services like generating income for the farmer, improving productivity, delivery of inputs and also providing services like processing and marketing besides, promotion of subsidiary and non-farm activities in rural areas along with mobilization of rural savings.

Despite the fact that there has been multifold increase in the number of societies as well as escalation in their business activities, these societies suffered from several intrinsic and extrinsic factors viz., illiteracy among the masses, poor financial resources, irresponsible administration, inadequate infrastructure and improper environment for even and healthy growth.

The present study on the “Administration and Evaluation of Co-operative Agricultural Service Societies in the State of Punjab with special reference to Moga district” is an endeavour to assess the working of Co-operative Agricultural Service Societies using of both secondary and primary data inputs for analysis.

**CONCLUSIONS FROM SECONDARY DATA**

On the basis of analysis of secondary data, following conclusions have been drawn:

**Growth, Administration and Working**

The Co-operative Agricultural Service Societies play a major role in the state as well as in the district with their numerical strength at 3978 and 165 respectively. The coverage of villages by these societies is three villages per society in the state and
two villages in the district. During the study period, the average members per society was 523 and 577 in the state and district respectively. These societies were working with average 415 and 364 borrowers per society in the district and state respectively. It can be inferred that the Co-operative Agricultural Service Societies performed equally with respect to their membership and number of borrowers during the reference period.

The study, however, depicts that the average of deposits per society is not impressive in the district (Rs.2.87 lakh) as compared to the state (Rs. 12.16 lakh) all through the study period. Over the years, the average of deposits per member amounted to Rs. 2285.67 in the state as compared to only Rs. 494 in the district. Thus, there is an uneven growth in the deposits per society as well as deposits per member in the state and in the district.

The average loan advanced per society has increased in the state as well as in the district. The Co-operative Agricultural Service Societies disburse loans to each borrower which amounts to Rs. 29099.17 and Rs. 21714.83 on an average in the district and state respectively during the reference period. This shows that the Co-operative Agricultural Service Societies disbursed loans equally to their borrowers in the state as well as in Moga district.

During the study period, the position of share capital was very poor in the state as also in the district. The share capital per society was recorded as Rs. 550.67 thousand and Rs. 438.50 thousand on an average in the district and the state respectively. During the reference period of the study, the average of government share was registered at Rs. 30.50 thousand in the district as compared to the state (Rs. 18.33 thousand). During the study period, the average share capital per member was Rs. 837.33 and Rs. 953 in the state and district respectively. This was attributed to the low membership and lack of government participation in the share capital of the societies.

It was evident from the study that the amount of loan outstanding per society had increased. The average outstanding loan per society was Rs. 7773.33 thousand in the district and Rs. 5570.73 thousand in the state through the study period. The study also reveals that the average of overdues per society was worked out at Rs. 530 thousand in the district and was Rs. 1238.17 thousand in the state during the same period. Adversely, the study also reveals that the average loan recovered per society was recorded as noted Rs. 12119.83 thousand in the district as compared to Rs.
7256.67 thousand in the state over the years. It can be concluded that recovery efforts made in the state were not comparable to those of Moga district.

The tenure of the Registrar, Co-operative Societies is very short in the state. It was found that only around 6.90 per cent of the incumbents had completed an average term of three years during the last forty four years. This conclusively dampens the effectiveness of the process of co-operatives in the State. The democratic structure of the Co-operative Agricultural Service Societies provides two sets of organs at the top policy making level: the General Body and the Managing Committee. A study of the organizational structure reveals that the degree of participation in the General Body meeting differed widely from one society to another. In other words, the degree of participation i.e., 70.92 per cent was noted in society Sukhanand but was only 50.00 per cent in society Thuthgarh.

Interestingly, 28 Co-operative Agricultural Service Societies in the state and 11 societies in the district are working without a Managing Committee. Further, the members have not shown keenness to contest elections in the study area. But voting participation is satisfactory in selected Co-operative Agricultural Service Societies where elections are held. The average participation of elected members in meetings also varies in the study area. It was noted that co-operative societies needed adequate staff members for expanding the business of the Co-operative Agricultural Service Societies.

The extent of operational area of the co-operative societies under study also varied i.e., societies Sukhanand and Chand Nawar served two villages, society Lande served three villages whereas society Thuthgarh served seventeen villages. In the study area, the coverage of membership, percentage of active members and borrowers and coverage of eligible population also differed from one society to another.

Under the scheme of diversification of services, the Co-operative Agricultural Service Societies started distributing agricultural implements and essential commodities to beneficiaries in a bid to provide doorstep services and also to earn income from these activities. The community concern services launched through the Co-operative Agricultural Service Societies also operated under various co-operative schemes. But the task involved in the changeover is massive because most of these services are yet to mature at the grassroots level.
Financial Resources

The problem of mobilization of financial resources for the Co-operative Agricultural Service Societies was found to be very challenging in the study area during the course of the research work. The study brings out the fact that all selected societies showed rising trend with regard to their liabilities (5.58 per cent to 31.39 per cent) as well as their assets (0.05 per cent to 22.71 per cent). Except for society Lande, the financial position of other societies was not adequate enough for maintaining an equitable balance between their assets and liabilities. The assets of the co-operative societies were dwindling as compared to their rising liabilities. The Societies failed to maintain equally their cash in hand, loans outstanding, land and building as well as other assets during the period of research. For example, society Chand Nawan had showed incremental cash in hand but experienced fall in its land and building assets. It was noticed that all the assets of the co-operative societies did not increase equally or simultaneously.

During the course of the study, all selected societies expanded their business with positive growth in working capital as well as showed an increasing trend in working capital accrual per member in the study area. The growth in share capital (0.86 per cent to 4.99 per cent) was, however, unimpressive during the study period. The share capital per member was recorded at less than Rs. 1.55 thousand in these societies. While the government contribution in share capital in two societies was also found to be insufficient. It was observed that the share capital of Co-operative Agricultural Service Societies was poor probably because the societies were not making rigorous efforts for promoting new membership as well as a marked lack of government participation in share capital.

Deposit mobilization activity of societies Sukhanand (19.14 per cent), Chand Nawan (1.52 per cent) and Lande (7.07 per cent) showed marginal growth but society Thuthgarh (49.41 per cent) showed substantial growth. Despite this, the percentage of deposits (0.33 per cent to 3.33 per cent) as compared to working capital was not satisfactory throughout the study period. Deposits per member were not equal in all of the selected Co-operative Agricultural Service Societies because the average level of deposits per member worked out in societies Sukhanand, Chand Nawan, Lande and Thuthgarh was Rs. 60.40, Rs. 103.73, Rs. 762.52 and Rs. 461.75 respectively. Further, the study also indicates that the average percentage of members’ and non-members’ deposits as against total deposits in the selected co-operative societies were not maintained as balance in the deposits mobilization. Surprisingly, the data indicates
that although the three societies had attracted non-members’ deposits but had societies lost out on their members’ deposits. These deposits are the base of all co-operative societies.

The co-operative societies maintain four types of reserves viz. statutory reserve, bad and doubt funds, risk funds and other reserves. The study brought out an impressive growth in the total reserve funds (9.43 per cent to 46.81 per cent) in the selected societies whereas in society Thuthgarh, the growth of total reserve funds had stagnated. Significant variation was found in the growth of different funds. In society Sukhanand, the statutory reserves (60.38 per cent) along with bad and doubt funds (61.92 per cent) increased rapidly whereas the growth in risk funds (4.30 per cent) was insufficient during the study period. This implies that the societies had failed to adopt a uniform policy for creating adequate reserves to meet unforeseen contingencies.

The borrowings were growing in all selected Co-operative Agricultural Service Societies during the study period except for society Thuthgarh which showed retrogressive trend in its borrowings. The average percentage of borrowing as compared to the total working capital was recorded at more than 43.41 per cent and less than 127.44 per cent in selected societies. Also, it was observed that the owned funds of selected Co-operative Agricultural Service Societies had increased marginally by 12.16 per cent during the study period while the percentage of owned funds as compared to total working capital was between 4.59 per cent and 35.77 per cent. This testifies to the fact that co-operative societies were totally dependent on borrowings and had not made any effort to generate own funds.

Disbursement of Funds

Loans are advanced to member farmers by the Co-operative Agricultural Service Societies under the Crop Loan System in the state. These societies disburse funds in the form of cash and kind to their members. The credit was provided to different farmer categories as well as to non-agriculturist members for different purposes. Observations of the present study indicate that all the members were not borrowers in selected Co-operative Agricultural Service Societies. The trend of borrowers increased marginally in societies Sukhanand (0.94 per cent) and Thuthgarh (1.22 percent) whereas societies Chand Nawan and Lante lost their borrowers during the study period, thus, indicating the fact that the co-operative societies had not disbursed loans to all the beneficiaries. It was found that the co-operative societies
lost their borrowers largely due to a lack of knowledge about co-operative functioning and cumbersome loaning procedures.

It has been observed from the secondary data that all the selected societies except society Thuthgarh had shown positive trend in total loans advanced. This was probably because the functioning of society Thuthgarh had not been streamlined. The average level of loan advanced per member worked out to be Rs. 21.23 thousand, Rs. 29.76 thousand, Rs. 26.83 thousand and Rs. 9.18 thousand in the societies Sukhanand, Chand Nawan, Lande and Thuthgarh respectively which was not considered sufficient as per the requirement of the farmers. An analysis of the loans advanced to agriculturist members indicates that all selected societies had showed marginal increase in the disbursement of loans to different farmer categories except for society Thuthgarh because most of the members of the latter had been defaulters. It is evident from the study that small farmers are the major beneficiaries of agriculturist loans followed by the medium farmers, and the large farmers besides the marginal farmers in selected Co-operative Agricultural Service Societies.

In the study area, societies Sukhanand and Chand Nawan disbursed loans to non-agriculturist members. Society Chand Nawan showed a marginal growth in the volume of loans disbursed to labourers and landless farmers whereas society Sukhanand showed a negative trend in the loan disbursement to both the above categories during the study period. The study indicates that both the societies had disbursed loans to labourers more than three times as compared to the landless farmers. It is observed consequently that the lending policy of the co-operative society for non-agriculturist members was not in conformity with the requirements of the beneficiaries being based as it were on the land-holding rather than being purpose-oriented.

The Co-operative Agricultural Service Societies disbursed funds in the form of cash and kind to the members. A marginal growth in cash credit was noted whereas the growth in kind credit was worked out to be more than the cash credit in all selected societies except for society Thuthgarh.

Credit was provided to different categories of non-agriculturist members for different purposes by the societies Sukhanand and Chand Nawan. The study indicate that the loans advanced for consumption purposes were more than three times those advanced for industrial purpose and other purposes in the study area. It was observed
that there was a marked lack of any policy for loans to be advanced for self-employment particularly loans advanced for a purpose to non-agriculturist members by the Co-operative Agricultural Service Societies. There seemed no regulatory mechanism for the promotion and fulfillment of such loans for a purpose.

The supply of fertilizers by co-operative societies showed positive growth during the study period except in society Thuthgarh. This was primarily because society Thuthgarh was not provided fertilizers due to non-availability of godowns. A substantial income of the societies was earned through the supply of fertilizer.

The multi-purpose services extended viz., procurement of farming requisites, essential commodities and other services by Co-operative Agricultural Service Societies proved very beneficial for the members as well as generated income for the societies.

**Recovery of Loan**

The recovery of loan in selected Co-operative Agricultural Service Societies suffered severely due to the irregular repayment loans and overdues. An examination of the data showed that the number of defaulters may have decreased marginally (2.82 per cent to 9.29 per cent) in selected societies during the study period but overall the position was not encouraging. On an average 16.22 per cent to 46.52 per cent defaulters were their borrowers during six years in of study period. The existence of large number of defaulters affects not only financial health of the societies but invariably disturbs status of fresh loans disbursement to the borrowers.

During the course of the study, the average level of loans outstanding as compared to loans advanced ranged in between 57.37 per cent to 132.89 per cent. Loans outstanding accumulated in all the selected societies except in society Thuthgarh. It can be derived that loans outstanding posed a serious problem because the loans were not repaid regularly by the borrowers.

The position of overdues exhibited a declining trend in all the selected societies indicating healthy practice paving towards the viability of the co-operatives. However, the average percentage of overdues as compared to loan outstanding in selected societies under the review period lay in between 12.45 per cent to 62.77 per cent. Though, the overdue amount decreased over the years but the problem of overdues has been found in these societies.
The growth of defaulters among the non-agriculturist members declined marginally and overdue amount against the Labourers as well as the Landless Farmers also decreased in societies Sukhanand and Chand Nawan. The average percentage of overdues as compared to non-agriculturist overdues was notably higher (57.67 per cent) among the Labourer category rather than the Landless Farmers in society Chand Nawan whereas in society Sukhanand the higher percentage (57.50 per cent) was observed among the Landless Farmers rather than the Labourers. Thus, it can be deducted that the non-agriculturist members had higher overdues in the study area.

The total amount recovered as well as the recovery from agriculturist members was marginally increased in all the selected societies except for society Thuthgarh during the study period. It was mainly due to lack of well-planned recovery campaign, the practice of advancing loans without adequate checks on the repaying capacity and mechanisms to be followed by the loanees. Barring society Thuthgarh, the amount recovered from different farmer categories was satisfactory. It can be derived that the village co-operative society had failed to successfully recover loans from the small and medium farmers, owing to the faulty procedures of the societies.

The recovery from non-agriculturist members was decreasing marginally in societies Sukhanand and Chand Nawan. On an average amount recovered from the Labourers was marginally less than that of the Landless Farmers. This was decisely because of the fact that adequate measures had not been considered for screening the beneficiaries, their loan worthiness and their ability to repay as also the mechanisms of repayment. Several ulterior motives were at play which overlooked to consider the long-term linkages of the beneficiary and the co-operative society as a whole.

PERCEPTIONS

Three different schedules were used to collect perception of beneficiaries, members and officials for evaluating the performance of the Co-operative Agricultural Service Societies.

Socio-Economic Characteristics of Beneficiaries

It was found that majority of beneficiaries belonged to the older age group and interestingly female beneficiaries taking advantage of the services were limited in number. Almost half of the respondents were illiterate. The study revealed that majority of the respondents who were availing large number of services while very
few respondents who were availing limited services. Almost one third of the respondents were irregular borrowers of co-operative societies.

**Awareness of Beneficiaries**

The study revealed that all beneficiaries had generally availed themselves of various benefits from their village level co-operative societies. However all the beneficiaries were neither aware of their role as a share holder nor fully familiar with the functioning of the co-operative societies. They perceived themselves as customers rather than members.

**Participation Level**

It was found that beneficiaries visited the societies when it suited their purpose especially during the crop season. The study revealed that beneficiaries did not give any importance to their participation in the annual General Body meetings of the society. Further, the beneficiaries did not take enough interest to attend the meetings regularly due to either their preoccupation with work, insufficient notice obtained about the meetings and a general lack of awareness. In general, but they did not

**Behaviour of the Employees**

Majority of the beneficiaries expressed dismay at the indifferent rather arrogant attitude of the employees towards the members. The management can also be held responsible for this predicament. The employees of the co-operative society did not show any keenness in educating the members regarding its proper utilization, timely repayment of credit and co-operative objectives.

**Variety of Fertilizers**

Co-operative Agricultural Service Societies play a major role in distributing fertilizers to their member farmers. It was found that more than half of the beneficiaries were dissatisfied with the variety and quality of fertilizers available in their village co-operative society. Resultingly, some of them were forced to approach the private dealers in the market for their fertilizer requirements. The data also indicates that the agriculturist members approached the market for different varieties of fertilizers while the non-agriculturist members approached the market for lower priced fertilizers. This clearly indicates that the market forces have direct impact on the business of the co-operative societies.
Service Hurdles

Almost half of the beneficiaries faced difficulties in procuring credit or fertilizer requirements from their respective co-operative society. The need of a guarantor and witness for surety of loan taken every year and delays in sanctioning of loans in credit, bureaucratic hurdles dilly-dally practices untrained staff and unavailability of fertilizers on time were the major difficulties in non-credit services.

It was also found that beneficiaries were hesitant and did not approach the officials for finding affordable and amicable solution of their difficulties. Sincere efforts made by fewer beneficiaries in this direction proved futile as officials or their seniors did not take any appropriate or satisfactory action. It can be concluded that officials were indifferent and did not take interest in finding solutions to the beneficiaries’ difficulties.

Perception of Members

Socio-Economic Characteristics of Members

An examination of the data revealed that young representatives over the years have evinced interest and participation in the functioning of the management, however, women representation was negligible. Literacy rates amongst the members of the society was minimal. It was also observed that a majority of the members were cultivators.

Members’ Interest in Co-operatives

More than three fourths of the members recognized their participation in the Co-operative Agricultural Service Society, but the study indicates that the members’ participation in the co-operative societies was mainly due to political gains at the village level rather than any service motto. Members expressed dismay at farmers’ failure to recognize their services. Members irrespective of their rank in the society are the co-operator first and as such should project themselves as the true guardians of co-operatives.

Participation in Meetings

A majority of the members participated regularly in the meetings of the Managing Committee and circumscribed the meetings agenda either for new initiatives or welfare of members or recovery from defaulters. Inability of the members to attend the meetings can be mainly subscribed to lack of interest, insufficient notice and impropriety of the meetings.
Behaviour of Secretaries

More than one third members pointed out that the behaviour of the various secretaries has been indifferent, bureaucratic and unconcerned towards the members. The secretaries would not take them into confidence with regard to the various dimensions and functioning of the society. Lack of awareness and procedural ignorance amongst the members would always go against their interest thereby causing lot of harassment. It was observed from the analysis of the data, the role of the secretaries was not like that of a friend, philosopher and guide.

Difficulties Faced by Societies

One third members reported that Co-operative Agricultural Service Societies faced difficulties due to insufficient time for dealing with co-operative banks and also supply of fertilizers was not delivered accurately nor in-time by the supplier depot.

Besides this, societies faced difficulties like lack of godown facility as well as insufficient subsidy for non-credit activities.

Viability of Schemes

More than half of the members reported that despite the best of the schemes launched by the Government, most of these schemes have suffered at the implementation stage; for example the Health Care Scheme which could not be implemented properly, then there was also the problem of finding a guarantor for loans to women beneficiaries. It can be inferred that schemes initiated by the government through co-operative societies could not be implemented due to intrinsic and extrinsic reasons.

Perception of Officials

Socio-Economic Characteristics of Officials

A majority of the officials belonged in the age group of 40 and above. All the official respondents of the study happened to be and has male who served as Secretaries at some stage of co-operative societies. Most officials were educated upto the under graduate level and many of them had more than 15 years of experience as secretaries.

Guidance for Beneficiaries

The study reveals that more than one third of the officials did not guide the beneficiaries about the credit norms. Officials pointed out the reasons for their unwillingness to provide guidance to beneficiaries saying that the farmers gave unwanted importance to the middleman and were not interested in taking their
guidance. Thus, it can be concluded that the guidance for credit norms was not given to the beneficiaries.

**Training**

It was observed across the study that the functionaries of the co-operative societies required training. Two fifths of the officials felt that the training programmes were not adequate due to unfocused training, apex level arrangements and lack of training for local people. It appeared that the training at the local level was an essential feature that was much needed.

**Repayment of Loan**

Secretaries of co-operative societies complained that the borrowers did not repay the loan in due time. There were a number of reasons cited, for example lack of recovery efforts further aggravated by unwillingness of farmers, corrupt practices and undercurrent signals to write-off loan, all were equally responsible for the poor repayment of loans. Thus, it can be concluded that irregular repayment is one of the major problem which is faced by the co-operative society.

**Political Interference**

Due to a number of reasons, more than one third of the secretaries of the co-operative societies could not perform their duties comfortably. They perform their duties normally under political pressure as well as a lack of co-operation among the members of the Managing Committee and the beneficiaries. The unwanted interference of influential persons adversely affected the impartial role of the secretaries. It was observed that the unwanted interference impacted severely the working of the co-operative societies.

**Malpractices**

The study also reveals and highlights that there were certain reasons due to which malpractices occurred in the co-operative societies. More than one third of the officials reported that the members of the management committee were unable to understand the business status from the societies balance sheets. Secondly, nearby about half the officials accepted that unprinted receipts were given to farmers for their transactions and lastly, more than three fifths of the officials reported that the management committees did not conduct physical verification of society’s fertilizer stock. It was observed that the ineffective role of the secretaries and the management committee was largely responsible for the malpractices that maligned the co-operative society.
SUGGESTIONS OF THE STUDY

On analysis of the secondary and primary data of study, the following suggestions are offered which may help to overcome the problems faced by the beneficiaries and Co-operative Agricultural Service Societies:

- The membership of the village co-operatives should be enlarged by broadbasing it. Efforts should be made to bring agriculturists, labourers, rural artisans and weaker sections into the membership of village co-operatives. In the study area, Co-operative Agricultural Service Societies should make surveys for admitting agriculturist and non-agriculturist beneficiaries to raise their membership. These efforts will encourage the participation of the general public of the village to participate in the co-operative societies and also increase their share capital.

- The study indicates that all the members were not borrowers in selected Co-operative Agricultural Service Societies. It is suggested that for promoting a high borrowing membership, the members should be educated, trained and have a good knowledge about the functioning of the co-operation movement. Co-operative societies should also encourage the non-agriculturist members particularly from the Landless Farmer category for obtaining loans from the co-operative society.

- The co-operatives are mainly dependent on external borrowings for their lending operations. The societies earn income from the interest on credit and another source is the commission from sale of fertilizers. They need to generate their own resources by diversifying their services like promoting agricultural implements, essential commodities and supply of diesel. It is also suggested that village co-operative societies should work for collection of electricity bills, water bills, telephone bills and providing cooking gas in their operational area. These functions will provide financial resources and also be beneficial for the members in the long run.

- Co-operative societies should maintain adequate balance between assets and liabilities as well as properly maintain records of their land and building assets. The reserve fund of the co-operative society should be maintained equally within prescribed rules and regulation by the department or the Government. As regard reserve funds, the growth of these funds ultimately depends upon the sizeable profits and low cost of management. Thus, for the growth of the reserve fund, the society should increase its volume of business and also work towards decreasing its cost of management.
The paid up share capital is too small in selected Co-operative Agricultural Service Societies. A suggestion is to create a strong capital structure and the share capital could be increased by encouraging membership as well as the share of the Government for improved viability of the co-operative societies. The government should also participate in the share capital of the societies according to the total business transactions of the Co-operative Agricultural Service Societies.

The Co-operative Agricultural Service Societies mostly depend on Central Co-operative Banks because of farmer’s difficulty and procuring sufficient deposits. For deposits mobilization the co-operative societies may endeavour: (i) To build confidence of members and non-members in the viability of the societies. This can be made possible by undertaking several practical and productive steps. (ii) Societies can attract deposits from members and non-members by providing more interest, giving the assurance regarding safety and security of invested funds and promising and delivering better returns. (iii) On saving deposits, the societies could pay one and a half per cent more interest than the normal rates of the Central Co-operative banks. (iv) Further, the Co-operative Agricultural Service Societies could promote banking habits among agriculturists by convincing the farmers about the safety of their money as well as better interest accrued on their savings.

The Co-operative Agricultural Service Societies have been designed to provide credit and other services to the rural people. Lending policies of the co-operative societies should be brought in conformity with the requirements of the non-agriculturist borrowers particularly so that need-based loans could be provided to Landless Farmers rather than the norm-based loans, while low rate of interest should be charged from non-agriculturist members. The societies should draw up specific programmes for the development of women under the Mai Bhago Istri Shakti Scheme of their areas. It is also suggested that the policy of determining the quantum of loan should be purpose-oriented and not based on land holdings.

The borrowers must be given proper knowledge about the procedures of loaning, repayment of loans, proper use of loans in raising real productivity etc. Ignorance regarding rules and regulations due to illiteracy of the beneficiaries was one of the most serious problems that riddled rural co-operatives. It is suggested that the secretary should render sincere advice to the beneficiaries regarding different rules, terms and conditions etc. for the loans and other facilities.
Overdues are the most serious problem affecting working of Co-operative Agricultural Service Societies. Serious and sustained efforts should be made to reduce overdues otherwise co-operation would merely remain both a financially and educationally elusive illusion. To solve the problem of the overdues: (i) societies should resort to effective supervision, good management practices, suitable loaning facilities, independence from political factors, vigilance of authority, etc. (ii) Adequate staff would be necessary with delegated powers relating to execution etc. (iii) coercive action should be taken against persistent and willful defaulters. (iv) Propaganda of write-off loan should be minimized and good payment master scheme should be implemented effectively.

The accumulation of heavy overdues results in limiting the business which paralyses the working of the co-operatives. It is suggested that the Co-operative Department and the co-operative societies should exercise the utmost vigilance on a large-scale. The recovery should be maintained by the societies throughout the year instead of accelerating it towards the close of the financial year. A well-planned recovery campaign should be embarked upon well before the due dates and the recovery machinery should be geared up to swing into action effectively at the time of harvest or production of a particular allied activity. Societies should give reminders from time-to-time to their members for speedy and timely recovery of loan. Societies should give bills also for the repayment to the beneficiaries at the repayment time. Besides, the staff of the co-operative department should be given independence in the matter the decision making and its execution. The Managing Committee as well as field staff should motivate the members for better repayment of loans. At the time of disbursement of loans, all relevant documents must be procured from the beneficiaries and their paying capacity should also be accurately assessed.

Effective participation is the essence of co-operative democracy. It is suggested that beneficiaries of the Co-operative Agricultural Service Societies must actively participate in the general body meetings. Their participation in building the finance, business and management is a cordial co-operative business principle. It is also suggested for the participation by the Managing Committee in meetings would also pave way for effective co-operative management. Nevertheless, the agenda of the meeting must be sent in advance to them so that they can make positive deliberations.
The study indicates that there were malpractices observed in the working of the Co-operative Agricultural Service Societies. It is suggested that the employees of the society be scrutinized thoroughly so that they can ensure to recover the amount with keenness. Every beneficiary should take the printed receipt from the secretary and salesman for each transaction. The number of bill-books issued to the employees should be duly approved through a resolution of the Managing Committee. The inspector should check the MCL in Land Record Register and audit officers should also check the loan disbursement and recovery according to MCL record. It must be particularly ensured that the inspectors and other officials should play their honest and sincere role in supervising and inspecting the co-operative society. The comments regarding the drawbacks of the society should be brought to the notice of the higher officials.

It is also suggested that the management of the society should physically verify the fertilizer stock. Its entry must be made in the stock register along with a certificate which is issued by the fertilizer sales depot. The cheques pertaining to fertilizers must be deposited in the Central Co-operative Bank on the second day of issuance.

The beneficiaries, as matter of routine, faced numerous difficulties pertaining to credit and also supply of fertilizers. The Co-operative Agricultural Service Societies accept surety for loan from two witnesses as well as two guarantors from influential personalities of the villages. The latter however, have no or least interest in poor cultivators and they usually hesitate to stand as a surety for a non-agriculturist. To overcome the problem of guarantor/witness, it is suggested that (i) the persons referred to above who are not prepared to stand as guarantor/witness for the poor farmers may be replaced by other villagers like a village teacher, master craftsman or even some panches who, though commanding social respect, may not be monetarily very sound; (ii) the system of group guarantee may also be introduced while comprising a group of such persons who may have economic credibility on the one hand and social status on the other; (iii) the concept of security for landless farmers should be shifted from land to assets created/acquired out of them.

Delayed or untimely supply of fertilizers to the beneficiaries by the co-operative societies and to co-operative society by the supplier depot is a major setback of non-credit business of the Co-operative Agricultural Service Societies. It is
suggested that the supplier depot should endeavour to supply fertilizers and its
different varieties intime and as per the requirements of agriculturists. Co-
operative societies should play their role as a retailer otherwise the market forces
will influence severely the working of village co-operatives. The Department of
Agriculture should also play an active role at the time of shortage of fertilizers
during the crop season.

- The district and block level officials should visit the societies from time to time,
  check the difficulties and make a plan of action to ameliorate them as early as
  possible. Better leadership should be provided to encourage the co-operative
  awareness at the village level. The Grievances Cell should be set-up at the society
  level under the officers to provide prompt redressal of the complaints of the
  farmers on a periodic basis.

- Proceedings of the study indicate that the co-operative societies require more
godowns and are in dire need of repair of existing godowns. For this purpose, the
  Co-operative Department should extend all possible help to the needy societies for
  repairing their godown and for expanding their storage capacity. To improve the
  storage facility, it is necessary that government must frame a policy by which the
  society can get credit from Central Co-operative Bank which can be repayed in
  easy installments.

- The study indicates that the functionaries of the Co-operative Agricultural Service
  Societies require training. Requisite training may be imparted to various level of
  functionaries and members with a view to mobilizing more members and through
  training they can clearly appreciate the importance of the co-operative endeavour.
  There is a need to generate the spirit of co-operative consciousness among the
  members by giving lessons on the co-operative movement through the media of
  seminars, deliberations and lectures. It is also suggested that after electing the
  Managing Committee, Puncofed should play an active role in generating
  awareness about its rights and duties. It should also be endeavoured to train the
  Managing Committee regarding the day-book, cash-book, stock register, bill-
  book, as well as other basis of accounts etc.

- To ensure the smooth and continuous development of society, it is necessary to
  provide necessary training to the incumbent secretary thoroughly regarding the
  business, record maintenance and further development of the village co-operative
  society. The incumbents need to be trained in co-operative education sufficient
enough to play their role as co-operators at the village level for spreading co-operative spirit efficiently and effectively. He should not be seen as a mere employee of a village co-operative society.

- Vested interests of the co-operative machinery are no less than paracites making large holes in the vessel of the co-operatives. The disbursement of loans and their recovery is influenced by the mediators in the study area. In fact, there is a need for considerable awareness regarding difficulties arising due to local and political interference. The election of the members of the managing committee should be held regularly and in a free and fair manner.

- The government assistance should not supplant the efforts of the co-operatives to be supplemented in character. Government’s interference should be limited only to those cases where the co-operatives have proved to be detrimental to the interest of the members; and where dishonest elements have crept in distracting from the main interests of the people who constitute the members. The Government control over co-operatives should be reduced principally and they should be encouraged by giving them maximum autonomy and making the societies member-driven.

The above suggestions have sincere policy implications for the success of the co-operative movement as a whole in the state of Punjab in general and Moga district in particular. The co-operative Agricultural Service Societies can grow out of the stagnant mire of discontent, dissatisfaction and disuse even if some of these suggestions are implemented conscientiously.