

**REPORT**  
**OF THE**  
**WORKING GROUP ON COOPERATIVES**  
**IN**  
**I.A.D.P. DISTRICTS**



**GOVERNMENT OF INDIA**  
**MINISTRY OF FOOD, AGRICULTURE, COMMUNITY DEVELOPMENT**  
**AND COOPERATION**  
**(DEPARTMENT OF COOPERATION)**  
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## CHAPTER I

### INTRODUCTION

In its first phase, the Intensive Agricultural District Programme covered 7 districts. The district of Thanjavur (Madras) was the first to launch the Programme in Kharif 1960-61, followed by West Godavari (Andhra Pradesh) and Shahabad (Bihar) where the Programme was started during Rabi 1960-61. The other four districts of Raipur (Madhya Pradesh), Ludhiana (Punjab), Pali (Rajasthan) and Aligarh (Uttar Pradesh) entered the operational phase of the Programme from Kharif 1961-62. In its second phase, the Programme was extended to Mandya (Mysore), Sambalpur (Orissa), Surat (Gujarat), Alleppey and Palghat (Kerala), Burdwan (West Bengal), and Mandi (Himachal Pradesh) in 1962-63. Bhandara (Maharashtra) and Cachar (Assam) districts launched the programme in Kharif 1963-64 and Delhi in Kharif 1964-65. The main concept underlying the Programme is:

“instead of spreading the developmental efforts more or less on a uniform basis throughout the country without getting any striking results, intensive efforts for production should be undertaken with the combination of all the technological improvements and concentration of man power and resources in selected areas which have optimum conditions for stepping up production, without at the same time affecting the normal efforts in other areas.”

It is envisaged that cooperatives should lend requisite support to the intensive development programme in agriculture, particularly in the fields of agricultural credit, farm supplies, marketing, processing and storage.

1.2. *Appointment of the Committee*—The Expert Committee on Assessment and Evaluation of the Intensive Agricultural District Programme appointed by the Ministry of Food and Agriculture, in its first report *inter-alia* brought out that one of the limiting factors in the speedy implementation of the intensive agricultural district programme is to be sought in the weakness of the institutions particularly the cooperatives to handle a large programme like this. The Ministry of C.D. and Cooperation after considering this report, *vide their* notification No. F.13-34/64-IADP/Plan dated the 22nd June, 1964, appointed a working group with the following members:—

- (1) Shri N. P. Chatterji, Joint Secretary (Coop.), Ministry of CD & C.—*Chairman.*
- (2) Shri R. S. Singh, Chief (Agriculture), Planning Commission—*Member.*
- (3) Director (Cooperation) Planning Commission—*Member.*
- (4) \*Shri Vishwa Nath Puri, Member, National Cooperative Development Corporation and Chairman, Punjab State Coop. Marketing Federation—*Member.*

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\*Appointed subsequently in terms of Government of India Notification No. F. 13-34/64-IADP/Plan, dated the 5th October 1964.

- (5) The Chief Officer, Agricultural Credit Deptt., RBI, or, his nominee—*Member*.
- (6) Shri H. Miles, Project Leader, IADP, Ford Foundation—*Member*.
- (7) Dr. D. Brown, Consultant, Ford Foundation—*Member*.
- (8) Dr. M. P. Singh, Directorate of Extension, (Ministry of F&A, Deptt. of Agriculture)—*Member*.
- (9) Shri M. L. Batra, Chief Officer, Rural Credit Section, State Bank of India, Bombay—*Member*.
- (10) Shri J. K. Verma, Director (Coop.) IADP, Ministry of CD&C.—*Member—Secretary*.

The Working Group was also authorised to coopt the Registrar of Coop. Societies of the State concerned as member during its visit to the districts.

1.3. *Terms of reference*—The terms of reference of the Working Group were:

- (a) to make an intensive study of the cooperatives in the intensive agricultural district programme areas with a view to assessing their shortcomings and deficiencies;
- (b) to recommend ways and means of making them vital and effective instruments for the furtherance of the intensive agricultural district programme;
- \* (c) to formulate an "Action Programme" for launching in the cooperative sector, intensive area development projects in regard to agricultural credit, marketing, supplies, processing and storage, animal husbandry, dairy, fisheries and consumer services in rural areas in selected IADP districts viz: (i) Thanajvur, (ii) West Godavari, (iii) Ludhiana, (iv) Raipur (v) Surat, (vi) Mandya and (vii) Burdwan; and
- \* (d) to make a broad assessment of the requirements of agricultural credit *vis-a-vis*, the various inputs envisaged in the intensive agricultural district programme and to suggest measures for strengthening the cooperative structure to meet this need.

1.4. *Plan of work*—The Working Group held its first meeting on the 8th of July, 1964, to lay down the procedure to be followed in conducting its work. In this meeting it was decided that the basic material would be collected from the Project Officers and information and data from the organisations and institutions directly involved in the programme, such as, the Ministry of Food & Agriculture, Reserve Bank of India, Directors of Agriculture in the States, on the basis of which further action would be taken by the Working Group. It was also decided in this meeting that the Project Officers of the selected districts should be requested to conduct a survey in their respective areas to assess broadly the reasons for non-members not joining the cooperatives and also the reasons for a large number of existing members of cooperative not borrowing from their societies.

\*Added subsequently in terms of Government of India Notification No. 9-8/64-IADP, dated the 28th December, 1964.

Progress of work was held up for some time owing partly to the absence of the Secretary who had to go out of India for a period of 3 weeks and partly to administrative difficulties in the appointment of secretariat staff for the Working Group. The Secretary returned in the second week of September, 1964 and the services of Shri K. Sundararajulu, Deputy Director, IADP, were made available to the Group towards the middle of September, 1964. The second meeting of the Working Group was held on the 2nd of November, 1964, and a draft questionnaire on the first two terms of reference was considered. In this meeting, notes received from the Reserve Bank of India, Project Officers and Deputy/Assistant Registrars were also considered. On the 17th of November, 1964, a set of 4 questionnaires and proformae for 9 statements were issued to Project Officers to elicit information and data to cover the first two terms of reference. Subsequently two more questionnaires were sent out in January 1965 to cover the remaining two terms of reference. Copies of the questionnaires and statements are appended. The Working Group held seven meetings including the final meeting which was held on 6th to 8th October 1965 for finalising the report.

1.5. The Working Group visited Ludhiana from the 20th to the 22nd of January, 1965 to study the working of various types of co-operative societies in that district. Since it was not possible for all the members to visit all the districts, the Working Group divided itself into three sub-working groups with a view to visiting as many districts as possible.

Details of the composition of the sub-working groups and the districts visited by them are as follows:

<i>Sub-group No. I</i>	<i>Districts</i>
Shri N. P. Chatterjee	Raipur, Burdwan and Mandi.
Shri K. L. Anand	
Shri M. L. Batra	
Shri R. S. Singh	
<i>Sub-group No. II</i>	
Shri J. K. Verma	Alleppey, Palghat, Sambalpur, Surat and Delhi.
Dr. D. Brown	
Dr. M. P. Singh	
<i>Sub-group No. III</i>	
Mr. H. Miles	West Godavari, Shahabad, Mandya and Pali.
Shri Madhava Das	
Shri V. N. Puri	

All the IADP districts excepting Aligarh, Thanjavur, Cachar and Jammu and Anantnag were visited by the sub-working groups. The Registrars of Coop. Societies, Punjab, Madhya Pradesh, Gujarat, Himachal Pradesh and Bihar associated themselves with the sub-working groups and actively participated in the field studies in their respective states.

1.6. *Interim action*—During the course of the Working Group's study certain measures were taken to straighten out some of the important problems affecting the intensive agricultural district programme. As a result of the survey carried out by the Project Officers in some of the selected IADP districts at the instance of the working group, certain features affecting the growth of the cooperatives were brought to light. Visits to districts also revealed that, even in the IADP areas, the "Action Programme" circulated by the Ministry of CD&C in March, 1964, had not been understood and implemented and loaning policies were largely security based and restrictive which retarded the free flow of credit. For instance, in Raipur and Mandya districts, it was stipulated that, unless a member lifted chemical fertilisers as indicated in the farm plan, he would not get any cash loan from the society. Further, it was observed that, in a number of districts, no member could get any credit unless he got his farm plan prepared. These questions were discussed in a high level meeting of the representatives of the Ministry of Food and Agriculture, Community Development and Cooperation, Reserve Bank of India and the Ford Foundation on the 26th of March, 1965. On the basis of an agreed decision, the Ministry of Community Development & Cooperation have advised the State Govts. to get their loaning policies suitably modified.

1.7. The progress and problems of cooperatives in these districts were also discussed and reviewed in the conference of I.A.D.P. key personnel, convened by the NCDC between the 25th and the 27th of February, 1965. Besides problems of cooperative marketing, processing, storage, farm supplies and consumer service in rural areas, the conference also considered various questions relating to cooperative credit in IADP districts and its restrictive features. The Chairman, the Member-Secretary and other members of the group participated in the conference and discussed various practical problems facing cooperative development.

1.8. *Pattern of the Report*—The major function of the cooperatives in the intensive agricultural district programme being concerned with the provision of agricultural credit, we have dealt in some detail, with our experiences in this regard in Chapter II. In the first place, we have set out briefly what is expected of the cooperatives under the Programme in relation to credit and in what manner they should be required to equip themselves for this role. In the following section, an attempt has been made to examine the extent to which the primary structure of the required serviceability is available in the areas covered by the programme, for efficient dispensation of credit on the pattern envisaged. We have then considered in the next section, the lending policies of the coop. credit structure in so far



as they are relevant from the point of view of adequate provision of production credit. The adequacy of the central financing agencies in the district as the supporting super-structure in different aspects has then been examined. The concluding section of this chapter attempts a broad evaluation of cooperative performance in relation to the need and presents a rough estimate of likely future credit requirements. Chapter III deals with the role of the coops. in the matter of supplying agricultural requisities, the increased use of which is contemplated under the programme. In Chapter IV, we have considered the progress made in cooperative marketing, processing and storage. Intensification of animal husbandry and fishery activities on coop. basis in the selected districts forms the subject matter of Chapter V. In Chapter VI we have dealt with problems relating to cooperative administration and training. The last Chapter of the report presents a summary of the conclusions and recommendations.

1.9. *Acknowledgements*—We are grateful to the Project Officers and the Deputy/Asstt. Registrars of Coop. Societies in the IADP districts for furnishing to us valuable information, relevant to our studies. These officers also accompanied the working group and sub-working groups during their visits to districts. They took considerable pains in organising and arranging the visits of the sub-working groups to different institutions and getting as much information as could be possible for the use of the members. We are also grateful to the Registrars of Coop. Societies, Punjab, Madhya Pradesh, Gujarat, Himachal Pradesh and Bihar who participated in the Working Group's programme in their respective states. Their association helped us to understand the policies and programmes of the cooperative departments *vis-a-vis* the IADP districts. We are also grateful to the office-bearers and the members of the Managing Committees of cooperative institutions we visited, for furnishing all the required information and explaining to us the procedural details of their working. Some of the District Collectors also made themselves available to us and we had the benefit of their local knowledge and experience. We highly appreciate the cooperation they extended to us. We are also grateful to the Reserve Bank of India for making available to us the services of their Rural Credit Officers during our visits to the various districts.

1.10. Dr. M. P. Singh, Project Director, Ministry of Food and Agriculture, left on a foreign assignment and Mr. H. A. Miles and Dr. D. Brown, representatives of the Ford Foundation, were associated as members in the capacity of consultants and, therefore, their signatures were not obtained. Their views were taken into consideration while preparing the Report. We are grateful to them for their advice. Shri M. L. Batra, as Chief Officer of the State Bank of India, represented the State Bank on the Working Group. He left the State Bank of India and joined the National Cooperative Union of India when the Committee's work was being concluded. As he was actively associated with the Working Group since its inception, we requested him to continue his association with the Report, which he did. We are thankful to him.

## CHAPTER II

### COOPERATIVE CREDIT

#### I. INTRODUCTORY

2.1. *The role of the Cooperatives*—For an evaluation of the part played by the cooperatives in relation to the Intensive Agricultural District Programme, it is necessary at the outset to consider the role which is expected of them in this context. The adoption of practices involving increased outlay on farm production being the core of the programme, it is necessary to ensure that the cultivator has the wherewithal to incur the outlay required for adopting such practices and that the agricultural requisites recommended for his use become available to him at the right time and in the required quantity. It is also important to see that the marketing of his produce is so organised that the crops on which a larger than normal outlay has been incurred are sold on the best possible terms and that the expanding production credit is recovered promptly and fully. This means that three major responsibilities devolve on the cooperatives under the programme. Firstly, to provide adequate credit facilities for meeting the requirements of agricultural production emerging from the adoption of improved practices, secondly, to arrange for the supply of fertilisers, improved seed, pesticides, etc., and thirdly to improve arrangements and services for the marketing of agricultural produce. It is with the first of these aspects that this chapter is concerned.

2.2. *Expected Role of Cooperative Credit*—The dimensions of the task which devolves on the cooperative credit structure in the context of this programme have to be viewed in a realistic perspective. It is obvious that as a result of such a programme, there would be a larger outlay on agricultural production and a larger demand for credit to meet such increased outlay. At the same time, as experience has shown, the response of the cultivator to the programme would develop only gradually. Every cultivator may not adopt the entire package of improved practices even in the long run and even those who accept it may not necessarily agree to take up the entire dosage of inputs recommended by the extension authorities. Even those who accept the programme and increase their outlays may not necessarily borrow for the purpose or, at any rate, borrow to the full extent of the increased outlay. Even those who borrow, finally, may not necessarily borrow from the cooperative agency as, on the one hand a second line of credit in the form of taccavi is always available to a greater or lesser extent in most areas, and, on the other, some cultivators would continue to prefer non-institutional credit to any type of institutional credit which must necessarily impose its own discipline. While these are some of the factors which set a limit to the quantum of additional credit which the cooperatives are likely to be called upon to provide, it is important that the cooperative should be so equipped as to be able to meet such demand as might in fact materialise. Equally important from this point of view, is the need for the cooperatives to place themselves in a position to

provide a qualitatively different types of credit (as distinct from quantitatively larger credit) i.e. credit which is oriented to production needs in its different aspects such as the manner in which its size is determined, the form in which it is provided, the time at which it is advanced and recovered and so on. All these require that the structure as well as the operational policies of cooperative credit have to conform to certain minimum requirements associated with the provision of larger credit on a somewhat new pattern.

2.3. *Requirements of satisfactory cooperative performance*—It may be useful to set out briefly the requirements from this point of view before examining how far these have been matched by cooperative performance in actual practice. A basic condition, obviously is that credit cooperatives in a working condition should be in position in the villages to be covered by the intensive agricultural district programme. Specifically, this means that they should not be dormant units, their efforts and policies should be directed to increasing coverage of members so as to bring the potential borrowers within their fold and that they should each be equipped with a full-time paid Secretary and an office which are essential for operating a system of credit based on production needs and involving part disbursement in kind. So far as lending policies are concerned, the need is two-fold; to ensure, on the one hand, that obstacles in the way of cultivators obtaining credit upto their rationally determined entitlement are cleared and, on the other, that there is a positive orientation of lending policies which would increase a cultivator's eligibility for credit in step with the extent to which he adopts improved practices and thus increases his outlay on production. While the former would involve a liberalization of provisions relating to security, individual maximum borrowing power, etc., where they are unduly restrictive, the latter would call for operational reforms with a view to determining the quantum of credit to be sanctioned, with reference to crop, acreage and the accepted level of outlay, its part disbursement in kind and the adoption of seasonality in the timing of its supply and recovery. Finally, to the extent that a programme of this nature would involve a larger quantum of credit as well as a more sophisticated type of credit service it is important that the higher financing institutions *viz.*, the central and apex cooperative banks relevant to these areas should be financially and organizationally sufficiently strong and suitably oriented to provide the required degree of support to the primaries in terms of resources as well as leadership.

## II. STRUCTURE AT THE PRIMARY LEVEL

2.4. The availability of societies at the primary level to provide credit for increased production under the Programme implies, firstly, that, farmers in every village covered by the Programme, should be served by a cooperative agricultural credit society; secondly, that the society should be in a working condition; thirdly, that the society should be progressive in the sense of being willing to increase its membership to cover as many of the cultivators as possible and, fourthly, it should be equipped with the services of a full-time paid secretary and an office of its own, so that it can undertake the dispensation of credit on a rational basis and supply agricultural requisites such as fertilisers and pesticides.

2.5. *Coverage of villages*—So far as the coverage of village is concerned, the details of the position as on 30th June, 1964 are given in *Annexure I*. It will be seen therefrom that, in as many as 9 districts, the coops. have covered all the villages, that in 5 districts (Pali, Shahbad, West Godavari, Cachar and Surat) the coverage is 95 per cent to 98 per cent and that, in one district (Burdwan) where the proportion is the lowest, it is still as high as 88 per cent. It is significant that, cooperative coverage has extended to almost all villages in the package districts and that excepting for Surat, the position in this regard is better in the Package districts than that obtaining in the other parts of the respective States as a whole.

2.6. *Serviceability of primaries*—A major weakness of the structure at the primary level in these districts, as in the rest of the country, is the existence of a large number of units which are in a state of dormancy or relatively low levels of operations. The major criterion determining the serviceability of a cooperative is the ability to continue to provide every year finance to its members for agricultural production. The following table indicates that even in the first 7 IADP districts, quite a number of cooperatives did not provide fresh finance to their members during 1963-64:—

Districts	At the inception of programme			1963-64		
	No. of Socs.	No. of socs. advancing loan	Percentage of advancing socs.	No. of socs.	No. of socs. advancing loans	Percentage of advancing societies
Aligarh .. ..	538	520	97	549	448	82
Ludhiana .. ..	919	919	100	944	944	100
Pali .. ..	421	289	69	444	89	20
Raipur .. ..	1,347	1,048	78	1,025	993	97
Shahabad .. ..	1,138	553	49	1,722	1,514	88
Thanjavur .. ..	1,102	879	80	1,614	1,202	74
W. Godavari .. ..	394	381	97	427	382	89

All the villages in which societies not advancing loans existed cannot necessarily be assumed to have gone without cooperative credit as other new or active societies might have also functioned in some of them alongside the dormant societies awaiting liquidation. Even so, it is a matter of concern that there is a perceptible decline in the percentage of societies advancing loans in the districts of West Godavari, Pali and Thanjavur. The main reason for this is to be found in the prevalence of large and persistent overdues. In Pali district, the percentage of overdues to outstandings increased from 8% to 28% in 1960-61, to 73% in 1963-64, in Thanjavur from 5% to 28% and in West Godavari from 15% to 25%. Experience in these districts has shown that poor repayment performance can have cumulative effect in retarding the growth of the credit structure in so far as it not only renders fresh financing of the defaulters themselves impracticable but also affects the eligibility of the societies and the central banks to borrow from the higher financing agencies. Such a state of affairs results in loss of confidence of the members in the ability of the society to meet their needs and, therefore, leads to a further deterioration in recoveries even from those who are in a position to repay. Stagnation and dormancy which follow deprive

the society of all capacity for effective service although nominal coverage continues.

2.7. *Re-organisation at primary level*—Until recently revitalization of primaries has not meant much more than the provision of managerial subsidy and some simultaneous effort to increase membership, share capital and loaning business. What is required, on the other hand, is a more comprehensive and positive programme to activate the primary societies and build them up into viable societies. Following the decisions of the Conference of State Ministers for Cooperation held in June 1964 at Hyderabad in regard to the broad lines on which action should be taken for this purpose, efforts are now in progress in various States for undertaking a survey to determine viable and potentially viable units and to draw up a programme of amalgamation and reorganisation at the primary level. In areas where dormant societies exist in large numbers, concentrated action will be necessary to recover as much as possible of the outstanding loans through persuasive or coercive steps and to reorganise societies to give them the potential of adequate business to ensure viability and, where dormant cooperatives are beyond redemption, to undertake their speedy liquidation. Excepting for Aligarh, the programme of amalgamation and re-organisation based on a survey of the existing societies is yet to be finally drawn up, for implementation in the package districts. As confusion and weakness at the primary level can very much detract from the efficacy of the cooperative organisation in providing support to an intensive programme of agricultural production, we would urge that, as for the rest of the country, a programme of re-organisation and revitalisation of the primary agricultural credit societies should be drawn up without delay for the package districts on the basis of a careful survey of the present position, and steps taken to implement this programme according to an agreed time schedule.

2.8. *Financing of defaulting societies*—A feature of current cooperative practice which becomes significant, in this connection relates to the standards of eligibility which are in force in different areas in respect of financing by central cooperative banks of defaulting primary societies, as it is to be impact of these rules that the dormancy of at least some of the primaries can be traced. Unduly severe restrictions in this regard can have a crippling effect on the cooperative credit structure as the prospective inability to raise and provide fresh finance inevitably lead to defaults of even those cultivators who would have otherwise repaid their dues. In certain districts like Pali, Shahbad and Sambalpur the societies have to repay as much as 80 to 100 per cent of the dues to the central coop. banks if they are to be provided with fresh finance. We are of the view that conditions of such severity need to be relaxed if the flow of production credit to non-defaulting and new members of cooperatives is to be maintained and suggest that, as is envisaged in the Action Programme circulated by the Ministry of Community Development and Cooperation, this proportion may be fixed at 50 to 75 per cent of the dues. Excepting in certain special circumstances involving a specific programme of rehabilitation of primary credit societies in an area, any further relaxation beyond these limits is not desirable as it will

in effect mean that the borrowing coop. society is not viewed as an entity in itself and that the members are dealt with directly and individually by the central financing agencies.

2.9. *Coverage by members*—It may be observed from *Annexure III* that there has been a substantial improvement in the extension of membership by the cooperatives. The total membership increased from 14.92 lakhs at the commencement of the programme to 19.29 lakhs in 1963-64. Coverage of agricultural families by cooperatives, it may be observed from *Annexure I*, was more or less complete in Thanjavur, Alleppey and Palghat and fairly high in Ludhiana where it was 96 per cent. The coverage was also fairly high in West Godavari (68) and Mandya (67). It was only in Sambalpur and Burdwan that the coverage fell short of 40 per cent. We would, however, like to observe in this connection that, since some societies have more than one member from the same family and sometimes include members from non-agricultural families as well, the coverage of agricultural families as such by the cooperatives would be slightly less than what the statistical information furnished to us by the Project Officers indicate. Special efforts are necessary where at least 70 per cent of the agricultural families have not yet been covered by cooperatives, so that this standard may be reached without delay. With a view to ensuring that these efforts are pursued energetically and with a sense of urgency, we would suggest that a phased programme may be drawn up for each block for enrolment of new members and implemented with the cooperation of the various agencies working together in the package programme.

2.10. *Limits to extension of membership*—Although open membership is a basic principle of the cooperatives and there are no apparent restrictions on the admission of any programme participant to cooperative membership, it is only realistic to appreciate that, for various reasons, all cultivators may not come into the cooperative fold even when every effort to this end has been made. Firstly self-sufficiency in resources may, in the case of some cultivators, rule out the need for any borrowing. Secondly, there may be an unwillingness to join a cooperative because of political or group considerations. Thirdly availability of direct taccavi loans from Govt. on more attractive terms than those which cooperative credit can offer, especially, for meeting the fertilizer requirements, may reduce the incentive to join a cooperative. Fourthly, the general lack of faith in the ability of the cooperative to offer satisfactory service, especially, in areas where the Movement is particularly weak, may keep some out of its fold. Restrictive provisions governing cooperative finance, such as those relating to individual maximum borrowing power, insistence on ownership of land or on mortgage security for loans or the unlimited liability in force in certain societies may also affect the eagerness or willingness of cultivators to join a cooperative. The insistence upon lifting of the loan in kind is also said to have resulted in certain areas in keeping persons outside the cooperatives. Even though some of these factors are remediable through appropriate internal changes in the working of the coops., there are others which are likely to remain relevant even in the long run. The fact that all these considerations do affect, in practice, the progress of coopera-

tive coverage is brought out from the following table, which shows the reasons why some cultivators had not joined cooperative societies, as they emerged from a survey of some non-member cultivators conducted by the Package authorities in certain districts at our request.

Reasons	Number reporting				
	Raipur (70)	Ludhiana (32)	Aligarh (50)	Than- javur (284)	W. Godavari (72)
1. Credit not required .. .. .	..	8	22	163	..
2. Membership refused .. .. .	7	5	..	..	..
3. Delay in receipt of loans .. ..	..	6	9	24	..
4. Inadequacy of loans .. .. .	9	4	..	..	12
5. Not approached for membership ..	..	12	5	..	22
6. No belief in Cooperation .. .. .	..	10	13	..	..
7. Compulsion to purchase fertilizers .. .. .	20	..	14	..	..
8. Compulsion to sell produce through marketing societies .. .. .	9	..	..	8	..
9. Societies managed by other faction .. .. .	..	..	15	..	..
10. Loans not given to lease holders .. .. .	..	..	14	..	19
11. A separate society desired .. .. .	..	..	13	..	2
12. Flexible terms of private money-lenders .. .. .	..	..	..	42	3
13. Fear of unlimited liability .. .. .	..	..	..	10	..
14. Long-term loans not available .. .. .	..	..	..	..	5
15. Fresh loans not given until all the members have repaid previous loans .. .. .	..	..	..	..	16
16. Repayment schedule is not convenient .. .. .	..	..	..	..	9
17. Other reasons .. .. .	..	..	..	37	..

(NOTE—More than one reason for not becoming members of cooperatives was given by the respondents and hence the total of all responses adds upto more than the number of respondents in some districts. In Raipur, the total number of responses is less than the actual number of respondents which is obviously due to inadequate utilisation of data.)

2.11. The major reason given by cultivators for not becoming members of cooperatives in Ludhiana, Aligarh and Thanjavur was that they did not need credit. A recent survey conducted in Thanjavur by the Agricultural Economics Research Centre of the University of Madras also reveals that, among non-members of cooperatives, only 23.3% of the families in package area and 31.4% of the families in non-package area borrowed during the year 1962-63. When the programme of intensification of agriculture involving progressively larger inputs in land expands, the number of people requiring cooperative credit may also increase. In Ludhiana, Aligarh and West Godavari, it would appear that a number of cultivators were not approached for becoming members of cooperatives. This emphasises, as pointed out in paragraph 2.9, the need for drawing up and implementing a systematic programme of enrolment of new members. The other factors involving loaning procedures viz., insistence on lifting of fertilizers, inconvenient repayment schedules, financing of tenants etc. can be remedied by cooperatives.

2.12. *Approach to viability*—The progress in coverage as in lending has significance not only from the point of view of the contribution which coop. credit can make towards increased agricultural production but also from the point of view of the viability of the institution which is in itself an essential condition for its competence as an effective purveyor of production credit. During 1963-64 the average membership per society in the package districts exceeded 200 only in the districts of Thanjavur, West Godavari, Alleppey, Palghat and Sambalpur. The average volume of loans granted by the societies during 1963-64 was generally low except for Palghat and West Godavari where it amounted to Rs. 83,000 and Rs. 55,000 respectively. While lending per society worked out to Rs. 26,000 in Thanjavur, Rs. 24,000 in Ludhiana, Rs. 27,000 in Mandya, Rs. 33,000 in Sambalpur, Rs. 22,000 in Surat and Rs. 21,000 in Aligarh, it was less than Rs. 20,000 in all other districts the amount being as low as less than Rs. 1,000 in Pali and Cachar. All this further emphasises the need for building up units satisfying certain minimum standards of viability based on a reasonable area of operation and a fairly sizeable level of lending.

2.13. *Need for full-time secretary and office*—It has been accepted that viability should be measured with reference to the ability of the society to equip itself organisationally at least with the minimum requirements of (a) a full-time paid secretary and (b) an office owned or hired. The following table reveals an unsatisfactory position in this regard as on 30th June, 1964:

Serial No.	District	No. of village societies	No. of societies which do not have full time paid secys.	No. of societies which do not have owned or hired accommodation
1	Aligarh ..	549	490	490
2	Ludhiana ..	944	344	474
3	Pali ..	444	364	349
4	Shahabad ..	1,722	N.A.	735
5	Thanjavur ..	1,614	1,572	1,341
6	Bhandara ..	794	773	212
7	Burdwan ..	1,260	N.A.	850
8	Cachar ..	745	707	711
9	Mandya ..	308	202	249
10	Surat ..	673	N.A.	N.A.
11	Alleppey ..	467	177	N.A.
12	Delhi ..	333	255	198
13	West Godavari	427	350	244

2.14. We have noticed that in the district of Bhandara the system of group secretaries continues to prevail in all small societies while, in Raipur, Samiti Sevaks have been appointed as part-time secretaries. We have no hesitation in stating that the system of group secretaries or part-time secretaries is hardly adequate from the point of view of the loan requirements and of the efficient working of



primaries, especially in so far as a production-oriented system of credit involves the determination of credit eligibility with reference to acreage, crop and scales of finance and the disbursement of credit, in the form of agricultural requisites. We would also emphasise, in this context, the need to ensure that as many societies as possible have offices of their own to which the cultivators can look for the services which they require.

2.15. *Margins*—Another aspect of significance from the point of view of viability of primary societies relates to the margins maintained by them on their credit business and supply business. In certain States the margin is lower than even 2 per cent. A decision in regard to the appropriate margin at the primary level can be taken only after taking into account all relevant considerations such as the need for keeping the rate of interest on loans advanced reasonably low, the cost to the cooperatives of the services rendered, the margins retained by the apex and central banks and so on. As it will not be easy to lay down a uniform pattern for the purpose, we recommend that in each State, the Registrar of Cooperative Societies and the authorities of the apex and central coop. banks concerned may examine this issue in consultation with representatives of village societies with reference to all these factors and determine the reasonable levels of margin which the primary societies ought to retain on their credit and non-credit business.

2.16. *State support to primaries*—With a view to imparting an emphasis to the need for building up primaries into viable units and ensuring that the support forthcoming from Government is restricted to units which have the potential of satisfactory performance, we recommend that the various aids being provided by Government to the primary agricultural credit societies viz. (a) share capital contribution (b) managerial subsidy (c) loan-cum-subsidy for construction of godowns (d) outright grants for building up special bad debt reserves relating to the loans to weaker sections may all be made available only to such of the agricultural credit societies as are considered on the basis of a survey, to be viable or potentially viable units and in respect of which a programme for reorganization and development has been drawn up and is being implemented.

2.17. *Primaries and local leadership*—The potentiality of a primary society from the point of view of support to an agricultural production programme depends, to a considerable extent, on the contribution it makes to the emergence of effective and competent local leadership. It is only to the extent that such leadership is thrown up that cooperatives can enlist popular participation in this programme and also ensure that the programme develops on lines which conform to the experience, aspirations and requirements of the farming community for whom it is intended instead of being pushed through, more or less, as a bureaucratic programme of which official machinery constitutes the driving force. It is only active institutions which can command the necessary support from higher agencies as well as Government and are thus capable of rendering a satisfactory service that can attract the progressive elements among the cultivators. While, therefore, progress towards viable units will itself help to bring to the fore good leadership, we trust that positive interest will be evinced by the central cooperative

banks as well as the officials in charge of the Intensive Agricultural District Programme in mobilising local leadership and associating them with the various tasks which are involved in the overall effort represented by the Programme so as to give them a sense of responsibility and participation as also to secure for the Programme the full benefit of their local knowledge and their ability to influence the behaviour of other cultivators.

### III. REORIENTATION OF LENDING POLICIES AND PROCEDURES

2.18. As we have indicated earlier, it was necessary for the co-operative credit and structure to place itself in a position to respond to the emerging demand for production credit under the IADP by taking two types of measures *viz.*, those intended to remove factors at present inhabiting the structure in providing to the cultivators the amounts of credit to which they would be entitled under any rational system of determining their eligibility and those which are intended positively to so fashion the supply of credit that it is geared to an intensification of agricultural production in line with the aims of the Programme. We would like to preface our consideration of the former set of measures with a reference to the results of a survey which was carried out, (as indicated by us earlier) by the Package authorities, in 5 districts, in which an attempt was made to find out why a large number of members had not borrowed from their respective cooperatives. The major feature which emerged from the survey was that a number of non-borrowing members complained of various restrictions in the provision of cooperative credit as accounting for their inability to borrow, as shown in the following table:

Reasons	Number reporting				
	Raipur (51)	Ludhiana (40)	Aligarh (38)	Thanjavur (272)	West Godavari (60)
1. Having own arrangements ..	..	36	28	154	..
2. Compulsion to purchase fertilisers .. ..	21	..	18	..	..
3. Delay in issue of loans ..	4	1	15	37	4
4. Inadequacy of loans ..	15	..	17	..	14
5. Unwillingness to sell produce through cooperatives ..	13	..	9	24	..
6. Present management not satisfactory .. ..	..	..	15	..	..
7. Previous overdues .. ..	20	1	..	..	..
8. Unwillingness to mortgage lands for loans below Rs. 500 ..	5	..	..	..	..
9. High rate of interest .. ..	..	1	..	..	..
10. Loans not given to tenants ..	..	..	..	..	15
11. Loans given only for short periods, and inconvenient repayment schedule .. ..	..	..	..	27	8
12. Flexible terms of money lenders ..	..	..	..	..	9
13. Long term loans not available ..	..	..	..	..	3
14. Other reasons .. ..	..	..	..	30	..

(NOTE: The responses under the No. of respondents do not tally for reasons already indicated in the note under table para 2. 10.)

Some of these are remediable features of cooperative credit and we propose to indicate in the following paragraphs, various measures which can be taken, and have been taken already in some cases, to ensure that they do not operate so as to block the flow of credit in the desired directions.

2.19. *Individual maximum borrowing power*—It is a well known fact that low levels of individual maximum borrowing power fixed in primary agricultural credit societies in certain areas have constituted a restrictive feature of coop. credit in certain parts of the country. As may be seen from the following table, there has been a general trend in the package districts towards liberalisation in this respect and the present levels compare favourably with what may be taken to represent the requirements of the cultivator with an average holding in these districts, considered with reference to the scale of finance per acre in force for the principal crop in the district.

Name of the district	Average cropped area per cultivator	Scale of finance per acre for the principal crop	Total outlay required by average cultivator on the basis of the scale of finance for the principal crop	Maximum credit limit	
				Old	Revised
(1)	(2)	(3)	(4)	(5)	(6)
	(acres)	Rs.	Rs.	Rs.	Rs.
1. Aligarh	8.79	156 (Wheat)	1,371	No limit	No limit
2. Ludhiana	23.15	100† (,,)	2,315	1,000	2,250 (S.T.)
3. Pali ..	13.05	103 (,,)	1,344	1,500 (S.T.)	3,000 (S.T.)
4. Raipur	11.81	135* (Paddy)	1,594	2,000 (M.T.)	2,000 (S.T.)
5. Shahabad	10.25	150 (,,)	15,38	1,000	2,000 (S.T.)
6. Thanjavur	14.14	150 (,,)	2,121	No limit	No limit
7. W. Godavari	6.00	150 (Paddy)	900	3,000	5,000
8. Alleppey	3.33	150 (,,)	500	4,000 (L.S.)@	4,000 (for all societies)
9. Palghat	7.14	135 (Paddy)	964	2,000 (S.S.)	5,000
10. Bhandara	4.82	120 (,,)	578	2,000	3,000
11. Burdwan	3.65	200 (,,)	730	1,500 (S.T.)	2,500 (S.T.)
12. Mandya	6.15	150 (,,)	923	1,000 (M.T.)	1,000 (M.T.)
13. Sambalpur	5.55	157 (,,)	871	2,000	2,000
14. Surat ..	7.91	130 (,,)	1,028	3,000 to 5,000	3,000 to 5,000
15. Cachar	4.10	102 (,,)	418	2,000	6,000
16. Mandi ..	5.46	130 (Wheat)	710	No limit	No limit
		per bigha			450
		130 (Wheat)	710	500	1,000

†—Not fixed. Rs. 100 taken as minimum required on an approximate basis.

\*For ordinary method and Japanese method the rates are Rs. 110 and Rs. 135 respectively. The higher scale has been taken.

@—L.S.=Large size society; S.S.=Small size society.

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2.20. In districts like Shahabad and Surat, loans are advanced without observing any ceiling and, in certain other districts like Aligarh, though there is no limit on the total quantum of credit in terms of the individual maximum borrowing power, the loans are, in practice, generally restricted to Rs. 2,000 with possible relaxation in the event of availability of mortgage security. The limits in force are already quite high in areas like Sambalpur, West Godavari and Alleppey and Thanjavur.

2.21. While some progress in this regard has been already witnessed, it is important that there should be a general rationalisation of the position with reference to all the relevant considerations. Firstly, the ceiling on loan eligibility, as represented by the individual maximum borrowing power, should be such as to cover the requirements of the generality of the cultivators. Secondly, account has to be taken of the needs of cultivation in respect of crops such as sugar cane and banana which call for relatively high outlays. Thirdly, the need for rationing the available resources of the co-operatives among the membership so that the benefit of cooperative credit is not restricted to a small section thereof has to be kept in view. Lastly, in view of the larger surpluses of the bigger cultivators, it is reasonable to expect them to find an increasing proportion of the outlay from their own resources and hence depend on credit to a proportionately smaller extent, as compared to the smaller cultivators. While, in accordance with this approach, the individual maximum borrowing power in each area may have to be determined on a pragmatic basis, it is necessary, that, generally speaking, this ceiling, wherever it is lower than Rs. 2,000 should be raised to that level and progressively raised, in due course, to Rs. 5,000 in unirrigated areas and to Rs. 10,000 in irrigated areas taking into account the increasing requirements of agricultural production and, the growth in the resources which the societies are in a position to command. Where no general increase in the individual maximum borrowing power is justified, a relaxation of the limits in deserving cases may be made permissible, provided resources are available and a case for a larger loan is established on the basis of the production programme and repaying capacity of the borrower. The circumstances under which such relaxation should be allowed should be determined by the central financing agency and the procedure for giving effect to any such relaxation should be simple and quick.

2.22. *Low surety limits*—Another feature of the current practice of cooperative credit which needs consideration in this context is the fixation of surety limits at unduly low levels. In this respect, again, there has been some measure of relaxation in many districts. The size of loan which can be given on the basis of surety was raised from Rs. 1,500 to Rs. 3,000 in Pali, from Rs. 350 to Rs. 750 in Shahabad, from Rs. 500 to Rs. 750 in West Godavari, from Rs. 750 to Rs. 1,000 in Palghat and Alleppey, from Rs. 200 to Rs. 500 in Cachar, from Rs. 125 to Rs. 200 in Burdwan and from Rs. 500 to Rs. 750 in Mandya. In Thanjavur the surety limit has been raised to Rs. 1,000. Even so, there is a feeling that the liberalization has been insufficient. Thus, the demand for credit is stated to have been depressed by this restriction in Mandya and Thanjavur. The ceiling at Rs. 500 for short term and medium term loans together in Sambalpur has been unduly low. Insistence on mortgage for even loans

above Rs. 200 in Burdwan was another case in point. Normally a cooperative should provide short-term loans for production purposes on the basis of two personal sureties, subject of course, to a maximum limit prescribed by it for such loans. In case a cultivator needs a higher quantum of credit than has been prescribed under such a limit, charge on land or on the crop could be obtained as security and mortgage security need be insisted only as a last resort.

2.23. *Charge on land*—To the extent that a cultivator, on his part is either unable to offer a mortgage of land or finds it inconvenient to do so because of the time and procedure involved or because of the need for mortgage in respect of medium term or long term loans, and the cooperative, on its part, finds that not much significance can be attached to personal security, the way out is to provide for the creation of a statutory charge on the borrower's interest, as owner or tenant, in the land cultivated by him, in favour of the cooperative society. This is also of significance from the point of view of the provision of medium term loans upto certain limits. Provision for the creation of a charge of this nature was found to exist only in the Cooperative Societies' Acts of Punjab, Maharashtra, Rajasthan, Mysore, Madhya Pradesh, Madras, Gujarat and Andhra Pradesh. As the procedure required to be followed under such Acts is simple, the charge becoming effective merely with a declaration signed by the member, and as this will help to open up the frontiers of cooperative credit to wider sections of the cultivating population, we recommend that the provision of this charge should be incorporated without delay in the Cooperative Societies' Acts of the other States also. The Mehta Committee had recommended that medium term loans upto Rs. 500 should be provided on the basis of personal surety and from Rs. 501 to Rs. 1,001 on the basis of a charge on land. There has been a rise in the general price level since the above recommendation was made. Further, in the context of intensification of agriculture in the IADP dists. there is an increasing demand for medium term loans. We would, therefore, suggest that medium term loans upto Rs. 750 should be provided on the basis of personal surety and loans from 751 to 1,500 on the basis of a charge on land.

2.24. *Financing of Tenants*—Allied to these restrictions are certain difficulties experienced by the cooperatives in financing tenants. Insecurity of tenure, absence of written leases, the practice of crop sharing and high rentals and other features of the prevailing tenurial arrangements present difficulties to the cooperatives in financing the cultivation expenses of such cultivators both from the point of view of the security which they can offer and the impact of such terms of tenancy on their repaying capacity. At the same time, financing of tenants is of considerable importance from the point of view of the contribution which is expected of them to increased agricultural production. We would refer, in this connection, to the report of Mr. Wolf Ladejinsky on "A study on Tenurial Conditions in Package Districts", in which he has pointed out that, while a sizeable area is cultivated by tenants in the districts of Ludhiana, Shahabad, Thanjavur and West Godavari, the problem was most acute in the last two of these districts, where 50 per cent or more of the farmers cultivated wholly or partially leased lands,

mostly on oral leases. As the tenants are not in a position, generally, to establish their title to the cultivation of a particular piece of land, not only are the provisions of tenancy laws defeated but the preparation of production plans for such cultivators and the extension of credit facilities to them are delayed. In West Godavari, the position was that while oral leaseholders had been able to obtain cooperative credit before the introduction of the programme, they could not get similar facilities after its introduction, in the absence of production plans and documentary proof of the title to land under their cultivation. In Burdwan, as indicated earlier, no tenant can get a loan of more than Rs. 200. The limit in Aligarh in this respect was Rs. 150 but has since been raised to Rs. 300. In Raipur, the Working Group observed that oral tenants were generally not financed. A similar position obtained in most districts.

2.25. As the major difficulty in financing oral tenants is the absence of the record of tenancy rights, we recommend that State Governments take immediate and effective action for the proper maintenance of such records. The procedure for financing such tenants was considered by the Ministry of CD & Cooperation which has recommended in its letter No. G-21/65 IADP dated the 3rd August, 1965 that such tenants should be eligible to apply for loans furnishing details of the land proposed to be cultivated by them, that such information should be verified by the supervisor of the cooperative bank or the extension officer and that, on the basis of such verification, credit should be provided to them irrespective of whether they have farm plans or not. These recommendations should help to bring about a significant improvement in this respect and should be given immediate effect to. We would, however, like to emphasise that it is the primary responsibility of a society to satisfy itself about the details of the area cultivated by a tenant, before issuing him a loan.

2.26. Since there has been a reluctance on the part of cooperatives to finance the tenants in certain areas, we suggest that a convention be established of having at least one member of the Board of Directors of the central cooperative banks from among tenants. This might help to overcome any lurking hesitation in the financing of tenants and help the authorities of the central banks to appreciate their difficulties better.

2.2. *Financing of small cultivators*—Discrimination in the provision of credit has also been noticed against cultivators with small holdings, say, below one or two acres. To the extent that these individuals are engaged in the business of cultivation, there is a quantum of production credit to which they ought to be entitled. Further, there are invariably, other sources of income of such cultivators, which should help to buttress their repaying capacity. Moreover, Government have been providing outright grants with a view to building up special bad debt reserves to cover such risks as might be considered to be involved in the financing of these sections of the cultivating population. While this entire question is being examined in detail by the Working Group set up by the National Cooperative Development Corporation to go into the question of managerial subsidies and outright grants, we would urge strongly that the

benefit of cooperative membership and credit should not be denied to any cultivator howsoever small, unless his lack of credit-worthiness can be positively established.

2.28. *Positive Reorientation of lending policies*—While performance in terms of the removal of obstacles in the way of adequate financing of production credit needs has not been unsatisfactory, the progress in the task of a positive reorientation of lending policies by the cooperatives has not been significant. Basically, the cooperative credit institutions have been passive participants in this aspect of the programme and have looked upon their role as one of conforming to the stipulations in this regard laid down by authorities rather than positively examining their own policies and determining, with reference to local needs and circumstances, how exactly they should modify their practices and procedures. This has happened because the involvement of the cooperative agencies in the working of the Programme and some of their machinery for coordination has been little more than formal and the part to be played by them in the programme has not been left to be determined on the basis of their own independent deliberation and decision. From this point of view, the consequences of treating farm plans as the basis for availability of credit, as they have worked out in actual practice, have been unfortunate. For example, the mechanical insistence on farm plans as a condition for credit, affected the timeliness of credit, as the task of preparation of farm plans took much longer than was earlier anticipated. While it was not possible for the cultivators to supply details of all production needs much in advance of the sowing season to enable the field agency to take up the work of preparation of farm plans early, at the same time, the plans could not be completed early enough to form the basis for credit, if their preparation was taken up only just before the commencement of the sowing season. These difficulties, in turn, led to delays in the placing of applications for credit to the higher financing agencies, the lack of timely credit, uncertainty in regard to fresh finance, and in some areas like West Godavari, Aligarh, Pali, Mandya and Raipur, even to a shrinkage of credit.

2.29. The result of this approach to the credit aspect of the Programme was also reflected in the fact that, instead of wholeheartedly accepting the various features involved in the new discipline of production credit, the credit agencies, their leaders and the members looked upon them as representing an imposition by an external agency, and this feeling was somewhat strengthened by the manner in which directives were sought to be issued by Project authorities and Government officials to the credit institutions on what they should do and what they should not do. The extent of understanding and cooperation required at all levels to ensure proper disbursement of credit, its prompt recovery, etc., did not in the circumstances materialise as the cooperative credit structure can successfully adopt and operate progressive policies only if it makes them part of its own belief and thinking. In a situation like this therefore, the cooperatives were content to take a passive view of their own role and did not, in every case, give sufficient thought to all that was necessary to be done from the point of view of aligning their existing practices with the needs of a production-oriented credit service. We would, therefore, emphasise that every effort

must be made to carry the coop. credit agencies with the Programme by providing them sufficient autonomy and scope for initiative in framing policies and procedures in the light of the needs and difficulties of the cultivators.

2.30. It is at the same time extremely necessary for the cooperative credit institutions to formulate their tasks clearly and frame suitable policies and procedures for fulfilling the expectations in regard to their role in a programme of this kind. Various problems arise when broad policies agreed upon at the national or state levels are to be translated into specific practical decisions at the field level and those have to be solved by measures reflecting flexibility and familiarity with local conditions and needs. It is the responsibility of the cooperative agency to deliberate on these functions, take appropriate decision and educate its own membership, elected functionaries at different levels and paid staff in the new lines of thinking. We feel that the cooperative banks have yet to address themselves to these tasks energetically and wholeheartedly. Though, in the past, this might have, to some extent, been influenced by the manner in which their participation in the Programme was sought, we urge that the cooperative credit agencies at all levels should immediately begin to play a positive role in this entire programme and bring all their experience, knowledge and leadership to bear on the task of devising ways and means of providing effective credit support to the IADP.

2.31. *Basis for sanction of credit*—Coming to details of lending policies, so far as they concern the determination of credit limits to which the cultivators may be eligible, we have found that there has been a general acceptance in practice of the principle that the scales of finance should be based on costs of production as suggested by the agricultural experts and that, as far as possible, the credit intended for the use of improved inputs should be provided in kind. There has, in the result, been a general increase in the scales of finance, as shown in *Annexure II*. However, in actual practice, the linking of credit with farm plans and the insistence on lifting the kind portion of the credit as a pre-condition for provision of the cash part have operated to the detriment of the growth of cooperative credit. It has become necessary, therefore, to devise a rational system of credit on strictly practical considerations, which would not only take account the difficulties involved in the use of farm plans as credit documents but also at the same time, provide, in its operation, for a significant emphasis on productive purpose and, in particular, enable the credit entitlement of a cultivator to increase progressively in step with the extent to which he adopts improved practices. The whole question was accordingly reviewed as stated earlier in the light of the experience gained, at a high level meeting of the representatives of Union Ministries of Community Development & Cooperation, Food and Agriculture and the Reserve Bank on the 26th of March, 1965 at New Delhi and the following conclusions were reached in regard to the policies to be followed in this regard—

- (i) The general basis for the provision of credit for agricultural production in the IADP districts should be the per acre scales of finance fixed crop-wise for an area, each such scale consisting of 3 components as under:



- (a) a cash component to take care of the outlay on cultivation according to traditional methods; this would not ordinarily exceed about one-third of the gross value of produce expected under the existing level of cultivation;
  - (b) a kind component for inputs like chemical fertilisers, pesticides, agricultural implements etc. for improved cultivation; and
  - (c) a further component in cash for taking care of the likely additional cash outlay on account of the use of the inputs provided for in (b); this component would be conditional on the extent of the use made of component (b) above and may not ordinarily exceed 50 per cent of the value of component (b).
- (ii) Such general scales of finance should be annually fixed by the central banks after careful consideration of all relevant data in a field workers' conference at the district level in which the State Coop. and Agriculture Departments should be represented. In fixing the scale, the latest technological developments in crop production, such as, introduction of varieties responsive to high dose of fertiliser, etc. should invariably be taken into account. In the interest of agricultural production, it will be important to exploit the full potential of such high yielding varieties by providing all the recommended inputs like fertilisers pesticides, etc., simultaneously.
- (iii) Credit according to the scale fixed as above should be available to every cultivator irrespective of whether he agrees to adopt the full package of practices or gets a farm plan prepared. Every cultivator should have the freedom to lift as much as he wants within the limits laid down, it being understood that component (b) would be available only in kind and not in cash, and the entitlement to cash under component (c) would be in proportion to the use made of the credit facility offered under component (b). Further, no one should be denied the benefit of component (a) for not having availed of any portion of component (b).
- (iv) A member for whom a production plan is prepared, should be eligible to get components (b) and (c) to the extent indicated in the farm plan in respect of the acreage covered by the farm plan. If, however, a farm plan is not ready for a cultivator, who has agreed to adopt the package of practices, before a credit limit or a loan is sanctioned by the central bank to a society, the cultivator should be eligible in the first instance to the general scales of finance fixed for the area. Thereafter, when his farm plan has been prepared he should further be eligible for any additional quantum of credit as may be indicated under components (b) and (c) of his farm plan.

2.32. *Basis of medium-term credit*—It also appears necessary to introduce some rational basis for medium-term credit which is as

important for agricultural production as short-term credit. The purposes for which medium-term credit may be required would fall under two broad categories: (i) those connected with the periodical maintenance and replacement of relatively costly farm assets, *e.g.*, replacement of bullocks, reconstruction of bunds, replacement of water-lifting equipment, major repairs to wells, etc., and (ii) those connected with new investments undertaken with a view to increasing the income earning capacity of the farm, *e.g.*, construction of new wells, installation of a power-driven pumping set on a well, reclamation of land, etc. One requirement of a rational policy of medium-term lending would be that the amount of credit to be provided should be related to the purpose for which it is required. This would apply to both the categories mentioned above and could be secured if the grant of medium-term loans is based on locally accepted scales of finance fixed for each of the purposes which are considered important in the area. Another requirement of rational loaning policy would be to relate the quantum of medium-term credit to be provided with the repaying capacity of the prospective borrowers. So far as the purposes connected with replacement of farm assets are concerned, it is obvious that the repaying capacity to be taken into account will have to be that which the cultivators can be already said to be having, the outlays in this case being unlikely to lead to any increase in the income earning capacity of the farmer. The determination of the existing repaying capacity of cultivators for medium-term credit for purposes of periodical replacement of assets is, however, not an easy matter. All that might be feasible would be for the credit agency to take a practical view of the matter and evolve its own method of assessing the repaying capacity which is broadly rational and is capable of mass application. From the point of the credit agency, it might be a valid assumption to make that, by and large, cultivators should not have difficulty in undertaking repayment liabilities which annually do not exceed about 50 per cent of the gross value of their annual output. A part of this would be committed towards the repayment of the short-term credit taken for production. The central banks would have fixed scales of short-term finance on a per acre basis for each crop grown in the area. The basic cash component of such scales intended to take care of the miscellaneous cash outlay related to the traditional plane of cultivation prevalent in the area, is not likely to exceed about one-third of the anticipated average value of output per acre associated with that level of cultivation. The balance of one-sixth of such minimum assumed value of output per acre would thus be a safe measure of repaying capacity so far as instalments payable on medium-term loan account are concerned. On this basis, it should be possible for central cooperative banks to fix scales of repaying capacity for medium-term credit on a per acre/crop basis for most crops. (In the case of crops for which there is no traditional plane of cultivation as such, and the scales of short-term finance for which therefore, are not likely to contain the basic cash component relatable to the traditional plane of cultivation, the per acre scales of repaying capacity for purposes of medium-term credit may be assumed at the same level as for the most important staple crop of the area). In this manner, the total annual repaying capacity for medium-term credit for every cultivator-member can be determined on a practical basis.

2.33. The quantum of medium-term credit that would be justified on the basis of the annual repaying capacity calculated as above would be 3 or 5 times the latter amount, depending on whether the loan is for 3 years or for 5 years. In order to ensure that the smaller cultivators are not handicapped in meeting the requirements of medium-term credit, specially for some of the 'indivisible' investments such as purchase of bullocks, repairs to wells, replacement of water-lifting equipment etc., we recommend that as a matter of policy, medium-term loans to be provided to them should be for 5 years periods while they may be for 3 years for medium and large cultivators. We have reason to believe that a measure of repaying capacity determined as above, coupled with the facility of five-year loans to the smaller cultivators, would help meet the medium-term credit requirements of most cultivators for purposes connected with the periodical replacement of farm assets. Some of us are, however, of the view that there should be some flexibility in the determination of eligibility for medium term loans within the total repaying capacity of a member-cultivator assumed at 50 per cent of the gross produce at traditional levels of cultivation. A part of the repaying capacity of a member-cultivator reckoned for providing short term loans to the extent of one-third of the gross produce, may, in special circumstances, be permitted to be utilised for obtaining medium term loans to enable him to invest on a pair of bullocks, repair of bunds etc., which he might not be able to do if the medium-term loan were to be rigidly determined on the basis of the repaying capacity for the loan at one-sixth of the gross produce.

2.34. *Financing of Development*—So far as term-credit for creation of new assets is concerned, this should, strictly speaking, be the function of agencies which are specialised in investment financing. The majority of the primary agricultural credit societies and the central cooperative banks are not likely to have the expertise required for this purpose. Furthermore, in the provision of developmental finance, the additional repaying capacity likely to be generated by the proposed investments would be a more relevant consideration in determining a cultivator's eligibility for the loan and the terms thereof, than his current repaying capacity calculated in the manner indicated above. Most primary agricultural credit societies would not be able to undertake the assessment of such additional repaying capacity specially because the results of certain types of investment would vary within the size and other circumstances of the farm and there would, therefore, be no general formula which could be applied in the case of all cultivators on a uniform basis. From a practical point of view, therefore, the primary agricultural credit societies will have to content themselves with offering to finance items of new investment within the current eligibility of the cultivators for medium term credit. This is not to say that in due course, and with the increase in the medium-term resources of the central cooperative banks, they and the primary agricultural credit societies affiliated to them may not develop the competence to deal with medium term credit affiliations in respect of new investments on their own merits, taking into account the additional repaying capacity to be generated by such investments. For the present, however, this may not be feasible for the majority of the institutions concerned, and the cultivators requiring medium term credit for

such purposes over and above their current eligibility will have to look to the land mortgage banks for the purpose.

2.35. While on this subject of term finance for new investments in the agricultural field, we should like to refer to the large scope for providing to the cultivators in our country with advice on the basis of considerations of technical and economic feasibility and the agricultural conditions in an area, which they might undertake on the farm on the lines analogous to the advice now being made available to them by the Extension authorities in regard to adoption of improved practices in agricultural production. We recommend that this kind of consultancy service may be developed to begin with in the package districts.

2.36. There are occasions when large investments are undertaken by Governments under the Plan, and the fullest return from them can be realised only if ancillary investments are undertaken by the cultivators coming within the purview of the Governments' investments e.g., levelling of lands within the command of a newly constructed major or medium irrigation project, construction of wells to take advantage of increase in subsoil water made possible by flow irrigation projects, soil-cum-moisture conservation projects, electrification of the lifting equipments of wells in areas newly covered by rural electrification etc. It is important in such cases that Govt. should formulate schemes of ancillary investment to be undertaken by the cultivators, sponsor the schemes actively for adoption by them, offering the services of Govt. staff for the task of technical guidance and supervision and, also, ensure that the response of the cultivator does not suffer because the necessary credit facilities are not available. It is in this context that we would strongly recommend that the fullest advantage should be taken of the refinance facilities which the Agricultural Refinance Corporation can provide for long term as well as medium term credit, in connection with such state sponsored projects to be undertaken over a compact area by a large number of cultivators. It is a merit of this type of arrangement that it makes possible the financing of an economically worthwhile and technically supervised investment programme, even if the institutional structure available in the area for the purpose is temporarily weak in relation to the task of financing a programme of significant dimensions. While it is the land mortgage bank which should take the lead if the need to be met is one for long term credit, the possibility of some of the investments being of a medium term nature and hence being serviced by the normal cooperative credit structure cannot be ruled out, and we suggest that the necessary support by way of refinance should be provided to it by the Agricultural Refinance Corporation. Medium term loans in such cases need not be restricted to the limits of eligibility for such credit as set out earlier, since the repaying capacity generated by the new investment would be separately assessed and taken into account.

2.37. *Seasonality*—An essential feature of production-oriented credit is that credit should be made available to the cultivator at a time when he is likely to incur outlays and that recoveries should be effected from him about the time he markets his produce. Sound

as this principle is, its implementation requires careful thought, preparatory work and procedural efficiency. The introduction of reform on these lines in certain areas like West Godavari involved drastic departure from current and traditional practice and should have been effected in accompaniment with necessary educational effort to explain the considerations underlying the change but the manner in which the time of lending and the due dates for recovery were fixed led to difficult situations in the absence of necessary preparatory effort.

2.38. *Timely lending*—So far as timely lending is concerned, we have already referred to the fact that the insistence on farm production plans in certain areas resulted in delay in the supply of credit. We hope that the policy which has since been agreed upon will rule out difficulties of this nature in future. However, we would like to emphasise that even for the disbursement of credit with reference to the new standards of eligibility based on crop, acreage and scales of finance incorporating three components, in advance of the preparation of the farm plans if necessary, the processes of application and sanction of credit limits at different levels will have to be streamlined if the supply of credit at the primary level has to be timely. From this point of view, the procedures which have been found to be cumbersome because of the elaborate forms in which applications are to be made or records are to be maintained, would call for a review with a view to simplification. We appreciate that the procedures now in force in different areas have been evolved over a period of time and the particulars collected might have served a necessary purpose in the context of the type of lending policies which had prevailed earlier but in the interests of timeliness and convenience from the point of view of the cultivator, it is important that the procedural formalities should be kept to the minimum. The problem of delays has been solved satisfactorily in certain States where the process of sanctioning credit limits is started well in advance of the cultivation season and applications for drawals are made in advance of the requirements. Thus, in Maharashtra and a few other States the determination of credit needs of the farmers is started in November-December or even earlier so that the sanction of drawals from the limits for kharif crops can be made before the commencement of the sowing season. We recommend that a similar procedure, suitably adjusted to local conditions, be developed in all States, so that the formalities at all levels can be completed well ahead of the financing season and credit made available at the time when it is needed.

2.39. For the same considerations, we do not consider it necessary that the sanction of credit limit for a society should be held up till it is eligible for fresh finance on the basis of the standards in force. The eligibility should be material only for the purposes of drawals on the limits sanctioned and not for the sanction of the limits itself. Further, with a view to ensuring that the participants of the programme who have repaid their dues are assured of timely credit, we suggest that the societies may be permitted to meet the credit needs of such members in kind and cash, even before the society attains eligibility for fresh drawal under the prevailing conditions. For this purpose, it will be necessary for a society to be allowed to draw upon the limits sanctioned to it by the central

financing agency even before it attains eligibility, provided the funds are drawn for meeting the credit needs of non-defaulting programme participants to the extent at least of the cost involved in the adoption of improved practices.

2.40. To meet the cases of societies for which sanction of credit may be delayed for some reason or the other, we suggest that the Manager of the central coop. bank should have delegated authority to allow a society (i) even before it has attained eligibility for fresh finance, to draw on the bank to the extent required for enabling non-defaulting participants to meet at least the cost of improved practices, and (ii) after it has attained eligibility, to draw as much as is required to finance other non-defaulting members to the extent of the cost of using improved inputs. We hope, however, that the need and occasion for the exercise of these discretionary power by the Manager would not be large, provided the work relating to sanction of credit limits at all levels is expedited and streamlined, as recommended earlier.

2.41. Delays and difficulties in the provision of finance have *inter-alia* resulted from a defective planning of resources. While there is not much that can be done in this regard at the primary level, at the present stage of development of primary societies, we would only emphasise here the need for a view to be taken of the credit programme as a whole, with reference to the extent of accommodation likely to be forthcoming from the higher financing agencies like the Reserve Bank of India and the apex cooperative bank and the resources which can be raised by way of share capital and deposits at the central bank and primary levels.

2.42. *Seasonality in repayments*—So far as seasonality of repayment is concerned, the due dates for loans should be fixed as near as possible to the period when the major marketable crop of the majority of the cultivators is likely to be marketed. At the same time, as the cycle of agricultural operations for most crops does not exceed a year, care should be taken to see that the currency of the loans is within a year. Care has also to be taken to see that there is a reasonable interval between the recovery of old loans and the provision of fresh finance. Disbursement of loans for both kharif and rabi crops in one instalment should not be ruled out, where local conditions warrant such a procedure. Further, in the case of the paddy crop, in view of the customary practice for the farmers in certain areas to keep paddy towards labour charges for the next crop, a part of the loans for the next crop may be disbursed even before the sowing operations have begun, so that a cultivator or member may not be put to the necessity of selling away the paddy for meeting his maintenance expenses. Every relaxation of this nature should, however, be justified with reference to local conditions and should be decided upon by the central financing agency in consultation with the primaries. We suggest that in this regard as for the determination of the timing of lending as also the due dates for recovery of loans, the central bank may seek the advice of the field workers conference recommended to be convened for considering the crop-wise scales of finance. As stressed earlier, since insistence on recovery soon after the harvest time involves in some areas a radical departure from the existing practice which places the due

dates at a later part of the year, or towards the close of the co-operative year, and a switch-over to the new practices requires a change and adjustments in the habits of the cultivator as well as those who are entrusted with the responsibility of recovering loans from him, an attempt should be made to ensure that the rational principles underlying the pattern of seasonality are understood by all concerned and the implementation of the reform is based on their understanding cooperation and not on a mechanical decision imposed by superior or external authorities.

2.43. *Defaults arising from natural calamity*—A major aspect of the operational policies of cooperatives which has come up for consideration in some of the IADP districts relates to the emergence of overdues of cooperative agricultural credit and the associated question as to whether defaulters of cooperative loans should be financed in the interests of increasing agricultural production. Considerable confusion has resulted in the absence of a sufficient appreciation of the basic consideration relevant in this regard. A borrower may default the loan due from him to the cooperative society either because his income has been poor as a result of a crop failure or because he has wilfully chosen not to meet his obligations. It is obvious that the manner in which the failure to repay the short-term production loan is met should differ according as whether it is a wilful default or one arising from crop failure resulting from natural calamities such as floods, drought, pests, etc. So far the latter are concerned, it is now agreed policy, that, in the event of such calamities, the short-term loan due from the cultivator should be converted into a medium term loan, so that his eligibility in terms of repaying capacity for the fresh short term loan which he requires for financing his crop for the next season is protected and he can spread over a convenient period, the repayment of the loan which had gone to finance the crop affected by the calamity. There had been, earlier, no clear understanding about the operation of such stabilisation arrangements and the funds required to be built up for the purpose within the cooperative banks had remained at negligible levels. Recently, however, a scheme has been evolved on the basis of conclusions reached by the Standing Advisory Committee on Rural and Cooperative Credit of the Reserve Bank in regard to the manner in which and the levels upto which these funds should be built up and the circumstances under which stabilization facilities should be provided with the support of these funds and the National Stabilisation Fund of the Reserve Bank of India. We hope that, in all the districts covered by the IADP as in the rest of the country, steps will be taken without delay, on the lines indicated in the scheme, so that the flow of credit will not be interrupted on account of the inability of cultivators to repay their short term loans following natural calamities.

2.44. *Financing of wilful defaulters*—The financing of wilful defaulters is, however, another matter. From the point of view of cooperative credit, as from that of any other sound system of credit, a wilful defaulter is an unsatisfactory constituent with whom a continued relationship of the credit agency is not desirable in so far as he has not kept his obligations to the lender and has locked up resources which should have gone into the stream of fresh credit.

Further, his failure to repay adversely affects the society's own eligibility for any fresh loan from the higher financing agencies and, as we have indicated earlier, the effect of overdues working itself in this fashion can be cumulative and leads to a stagnation in the flow of credit, if not to a retrogression, where the arrears are large and chronic. There is no reason why a society should be obliged to provide fresh finance to a borrower who is undermining its own ability to serve the rest of its membership who are complying with the standards of behaviour dictated by principles of sound production credit. Further, we doubt if even from the point of view of agricultural production, a wilful defaulter can be considered to be a party worth financing. Not only is he likely to be a bad borrower but he cannot even be depended upon as a good producer, and financing him will hardly benefit either cooperative development or agricultural production.

2.45. This has been demonstrated from the experience in districts such as Bhandara and Raipur where either the State Governments persuaded the cooperative banks to finance defaulters or decided to provide them with fertilizer taccavi direct. In these districts, the defaults of the cultivators continued in the subsequent years and adversely affected the flow of cooperative credit. In Bhandara, in particular, the State Government extended active support to the central bank for enabling it to finance defaulters, by undertaking to guarantee partially the losses which might result therefrom. The bank financed defaulters to the extent of Rs. 7.40 lakhs during 1962-63, without examining the individual cases of these borrowers to determine their repaying capacity, the circumstances under which they had defaulted, etc. In the result, as against Rs. 21.61 lakhs advanced by the bank under the Package Programme during 1963-64, recoveries were only Rs. 6.87 lakhs. It was clear that the laxity of the bank in financing defaulters had affected the morale of even the non-defaulting participants. It was also seen that the recoveries from non-participants amounted to 70% of the dues while those of participating members amounted to only 30%. We are convinced that, from the point of view of the health of the institutional structure which has to be in a working order for providing satisfactory service over a period of years and build up an image of credit-worthiness from the higher financing agencies and the public from which it has to raise resources, cooperative credit cannot be called upon to finance wilful defaulters and that financing of such defaulters on cooperative dues, by Government in the form of fertiliser taccavi would only undermine the discipline of cooperative credit and seriously affect its serviceability in the area on a long term basis.

#### IV. SUPERSTRUCTURE TO SUPPORT THE CREDIT PROGRAMME

2.46. As we have indicated earlier, a necessary condition for the success of the credit programme in the I.A.D.P. districts is that the primary societies should be supported by a central financing agency which can function as a viable unit, raise the resources necessary for the purpose and provide the leadership and the drive required in the task of changing policies and procedures in the necessary directions. It is the object of this section to consider how far the central cooperative banks in these districts satisfy these requirements with reference to their structure and organisation, competence and



adequacy of managerial personnel, operational efficiency, the ability to borrow funds from higher financing agencies and to tap resources, and so on.

2.47. *Rationalization and viability*—Of the 17 districts where the programme is being implemented, Thanjavur, Shahabad and Burdwan have 2 central banks each whereas West Godavari is served by its own central bank as well as the branches of 2 central banks of the neighbouring districts. The rest of the districts have one bank each. We need hardly stress the need for progress towards rationalisation of the banking structure so as to have, as a general rule, only one central bank per district, though an exception may be made in certain areas on account of certain local factors or certain consideration of long standing significance. Wherever it is decided to continue the functioning of two banks within the area of the same district, care should be taken to see that there is proper coordination, over-lapping of jurisdiction is avoided and there is no uncertainty as to which society should be financed by which bank. In Burdwan, for example, it was reported that during 1963-64 some of the societies could not be properly serviced on account of such confusion.

2.48. The existence of one bank per district is usually a prerequisite for viability but, not in itself, a sufficient condition for the purpose. It has been recently agreed at a meeting of the Standing Advisory Committee on Rural and Cooperative Credit that, ordinarily, a central cooperative bank can be considered to be a viable unit only if it can commend business of at least about Rs. 1 crore in terms of outstanding loans. While, no doubt, the impact of an intensive agricultural programme should itself help the approach to viability, it should be kept in view that a cooperative bank may be unable to provide an efficient and adequate service to its affiliated societies until this level of business is reached. It is observed from the available data that of the 20 banks serving the package areas, only 11 can so far be said to have attained this minimum standard of viability.

2.49. *Rural orientation in management*—It has long since been accepted, following the recommendations of the Rural Credit Survey Committee that, a central cooperative bank cannot be considered to be a truly federal agency and cannot operate with sufficient consideration for rural needs if it has a large element of individual membership or a large representation for such members on its Board of Directors. From this point of view, it is relevant to note that, in some of the central banks such as Raipur and Surat, there was preponderance of individual membership and that, further, except in Mandya, Sambalpur, Arrah-Buxar and Sasaram Bhabua, such membership had more than two representatives on the Boards of Directors the number being 7 in the Krishna bank and 6 each in those of Raipur, Surat and Bhandara. A welcome trend towards reduced individual membership was noticeable in all districts except Aligarh, West Godavari, Burdwan and Cachar, but the process of reduction needed to be expedited. As the significant position occupied by individuals in some of the banks in the general membership, or, on the boards was likely to affect the emergence of cooperative leadership from the farming community in some measure, we recommend that individual

membership should not have more than one representative on the Boards of Directors and that, wherever their representation is larger, it should accordingly be reduced.

2.50. *Key personnel*—The central cooperative bank cannot function as a progressive and efficient institution unless it can command the services of competent personnel both at its head office and in the field. So far as the staff at the headquarters are concerned, the four key posts on which emphasis has been placed in the Action Programme for cooperative credit are those of the Manager to exercise overall supervision, the Executive Officer to direct the field staff, the Chief Accountant to ensure maintenance of proper accounts and a Special Officer to be in charge of dealings with the marketing societies and coordinating them from the view point of the central bank. As against this minimum complement of executives considered essential only the posts of the Manager and Chief Accountant exist in most banks. As supervision over the field staff appears to suffer in the absence of an executive officer and this may affect repayment performance, it is important that an Executive Officer should be appointed wherever one does not now function. The financing of non-credit societies, particularly marketing societies, is a relatively new responsibility for several banks and is becoming a somewhat complex task, with the quantum and variety of such business on the increase. As many cooperative banks are yet to learn to adopt proper safeguards dictated by canons of sound banking in financing such cooperative activity, the appointment of a special officer for the purpose is generally necessary. Apart from instituting and filling the four posts of key personnel, it is also important to see that the persons employed have the necessary qualifications and are suitably trained for these jobs.

2.51. *Supervisory Staff*—Equally important is the need for supervisory staff of adequate number and quality. Important as effective supervision is for cooperative credit generally, it acquires a special significance in the context of the new system of credit which is to be understood and adopted in the Package Districts. Though the number of supervisors appears to be generally satisfactory as may be seen from *Annexure XVIII*, there is a general need to tone up the quality of supervision; especially as, with the adoption of the crop loan system, verification of the data on holdings and acreages under different crops which form the basis of the credit eligibility and efforts for prompt recovery on due dates assume special significance and will increase the responsibility of the supervisory staff.

2.52. A crucial aspect of the supervisory arrangements relates to the authority who is in charge of them. In many of the districts such as Ludhiana, Mandi, Pali, Delhi, Aligarh and Shahabad, this function is not in the hands of central cooperative banks. In view of the intimate interest and the obvious stake of the cooperative banks in the satisfactory dispensation of agricultural credit in accordance with the accepted principles and its prompt recovery through appropriate persuasive action of coercive processes where necessary. It is now accepted policy that financial supervision should be the responsibility of the central cooperative banks. We, therefore, recommend that wherever this is not the case at present, steps should be taken to transfer the work of supervision to the cooperative banks as early as possible and that they should be suitably assisted to discharge

this function satisfactorily. Those of the central banks which are not willing to take over the Departmental supervisors should be allowed to appoint additional supervisors up to a required extent over and above their normal strength and provided with a subsidy for this purpose and, in such cases, the Government should not employ staff for this purpose.

2.53. *Branches*—A net-work of branches which are conveniently located in relation to the affiliated societies is an important part of the apparatus of organisation which the cooperative banks require for their efficient service to the primaries. This will not only facilitate the societies in operating on their credit limits, banking accounts, etc., and make it possible, in due course, to introduce a system of disbursement of loans to cultivators by cheques but will also help to tap deposits in rural and semi-urban areas. The cooperative banks are uniquely equipped to extend banking facilities to rural areas in view of the nature of their business and clientele, and should have an advantage over the commercial banks in functioning at such centres and attracting deposits, as the experience of the cooperative banks of Maharashtra has amply demonstrated. Branch advisory committees will also help to associate local leadership with the bank's working to an increasing extent. Progress made in this regard has remained generally negligible though, for the 20 central cooperative banks serving the Package districts, the number of total branches increased from 79 at the inception of the programme to 93 as at the end of June 1964. While, at one end the most progressive in this respect are the central banks of Surat with 21 branches, Bhandara with 15 branches and Raipur with 14 branches, there are, at the other extreme, banks such as those of Palghat and Burdwan which do not have a single branch; nor have we come across any phased programme of the latter for opening branches. In view of the importance of branch extension from the point of view of close supervision of and service to the primaries and the mobilisation of resources, we suggest that a programme of opening branches should be drawn up in each of the districts and implemented so that in the next few years every central cooperative bank has at least one branch in each Taluka or a Block Headquarters depending of course on the adequacy of loaning business in the area, and recommend that a scheme of subsidising uneconomic branches during the initial years of their working may be drawn up and implemented, with a view to supporting these efforts.

2.54. *Involvement of the banks in the programme*—We have already referred to the need for involving the central cooperative banks in the formulation of policies and procedures in the credit aspect of the Intensive Agricultural District Programme and the absence of a close and intimate association of the financing banks with decision-making in their sphere in the past. This has by and large, led to a general apathy on the part of the cooperative banks in this regard and insufficient interest on their part in ensuring that credit is dispensed and recovered on the lines envisaged. We would, therefore, state, as a general proposition, that every effort should be made in future to get the apex as well as central cooperative banks closely involved in the role expected of the cooperatives in this programme and that this can occur only if cooperative banks

are entrusted with positive responsibility for various policies and decisions and their implementation instead of being expected merely to carry out directives given to them.

2.55. As for the machinery for associating the cooperative banks with the programme and ensuring the necessary coordination among all the participating agencies, it was considered that the central cooperative bank and the apex cooperative bank should be represented on the district level and state level coordination committees which are intended for reviewing not only extension work, nature of practices to be adopted, position of supplies, etc., but also for considering the credit programme, resources, recoveries and so on. Though the cooperative banks in almost all the IADP districts were represented on the coordination committees, the expected degree of close association did not materialise in some cases either because their meetings were held at long intervals or because the cooperative banks did not have an effective voice in their deliberations. In West Godavari, the banks representatives attended the meetings of the State Level Committee by invitation and not as members and there was no district level committee or sub-committee on credit and evaluation. In Raipur, the central bank was represented on the State Level Committee but its meetings had been held only thrice between the commencement of the programme and 30th June, 1964, giving only one meeting per year, and the bank was not represented on the district advisory committee or the district development committee. In Ludhiana, again, though the central bank was represented on the Committee, its meetings were rarely held. In Sambalpur, the experience was that the bank had not been consulted in various important policy decisions. We would only emphasise that it is necessary for the banks to be not only fully associated with these committees or other machinery for coordination wherever this had not been done. Given an opportunity, the representatives of cooperative banks might be able to make useful contributions in the implementation of the Programme, in view of their local knowledge and experience.

2.56. *Leadership in Societies*—It is an important function of the cooperative banks to offer guidance to the primaries in the matter of sound operational policies as the best leadership of the cooperatives in the district is expected to be reflected at the bank level and the bank is also in a position to command staff of superior quality. This function acquires additional significance in view of the fact that in the I.A.D.P. districts the credit structure is expected to re-orient its policies and equip itself to provide credit support to a special agricultural programme. As we have indicated earlier, the reaction of the cooperative banks to this task has in many cases been somewhat passive and there has not been much evidence of the exercise of their own initiative and discretion in discharging this responsibility. It is for each bank, in the light of its past experience, knowledge of local conditions and the familiarity with cooperative practice to evolve suitable ways of implementing the new policies in practical terms. This would mean that the leadership of the cooperative bank and its operating personnel should firstly, give thought to how best the approach to production-oriented credit set down in the broad policy decisions at higher levels can be translated into specific working rules and procedures in the conditions of the district and, secondly, help to indoctrinate the primaries and their members in this

new approach and familiarise them with all its practical details. This is a task which cannot be expected to be undertaken either by the staff of the Agriculture or the Cooperation Department by themselves or by an individual society or member. By virtue of the organisation it commands at the district and field levels, it is the central cooperative bank which should exercise an effective influence in bringing about the necessary changes in the practice relating to cooperative credit and, as a part of this task, tone up the efficiency of the cooperative credit structure in the district through effective supervision as well as the discipline which it can enforce through its credit operations. While it is not easy to evaluate precisely the extent to which cooperative banks are playing this role of leadership with drive and vigilance, we certainly feel that, in most cases, the banks are yet to address themselves to this task with vigour and enthusiasm and urge that the cooperative banks should make active efforts to meet the challenge and opportunity which this Programme offers to them.

2.57. A major responsibility of the cooperative banks is to find the resources required by the Movement in the district for financing its expanding activity. This is a task of growing dimensions as cooperative organisation is extending to many spheres and the scale of such activity is also on the rise, with the increasing adoption of the cooperative as the medium for extending State support to the unfavourably placed section of the population in various sectors. To meet this expanding demand for funds, the cooperative banks have to mobilise resources of their own on the one hand, and raise credit from the higher financing agencies on the other. A measure of the progress achieved by the cooperative banks in raising resources of their own is given in the following data on the extent of their dependence on borrowing for financing their loan operations.

(Rs. in lakhs)

	Year	Loans and advances outstanding	Borrowings excluding deposits	Percentage of 4 to 3
1	2	3	4	5
<b>1. Group 'A'</b>				
Position in respect of 7 banks which came into the scheme in 1960-61, viz. Thanjavur (2), Shahabad (2) West Godavari (3)	30-6-61	785.19	573.96	73.2
	31-3-65	1036.13	653.57	63.0
<b>2. Group 'B'</b>				
Position in respect of 4 banks which came into the scheme in 1961-62, viz. Aligarh, Ludhiana, Pali and Raipur	30-6-62	423.09	295.18	69.7
	31-3-65	641.84	427.84	66.6
<b>3. Group 'C'</b>				
Position in respect of 8 banks which came into the scheme in 1962-63, viz. Alleppey, Palghat, Surat, Cachar, Burdwan, Sambalpur, Mandya and Bhandara	30-6-63	691.52	345.97	50.1
	31-3-65	980.71	387.86	39.6

2.58. It is a matter of some satisfaction that, in each of the above groups, despite an appreciable increase in the total volume of lending, the extent of dependence on borrowing has been brought down,

as this reflects to some extent the ability of the cooperative credit structure to stretch itself and respond to the needs of the programme of intensive agricultural production.

2.59. So far as the own resources of the central banks are concerned, these are made up of the owned funds and deposits. The owned funds, again, consist of the share capital collected from members, that contributed by Government and the reserves. While the progress in terms of lending business of the institutions and the increasing profits which this should bring in its train will help to add to the reserves, a strengthening of the share capital from members should also result in a similar fashion from an increase in loan advanced if shareholding is linked with borrowings. It is now an agreed policy that as a general rule the agricultural credit societies should contribute to the share capital of the central cooperative banks in the proportion of 10 per cent of their borrowings from the latter. An attempt is being made to introduce this principle in most central cooperative banks. On the other hand, in the Bhandara Central Cooperative Bank, the collection of share capital has been at a higher proportion, both at the central bank level and at the level of the primary societies. Thus, while the Action Programme contemplates that the members should raise their contribution to the society's share capital to 20 per cent of their borrowings over a period of two years, the practice in Bhandara has been to collect capital from members to the extent of 40 per cent of the borrowings and to get the entire amount passed on to the central cooperative bank. While we recommend that the share holding should be linked to borrowings in the manner indicated in the Action Programme, we consider that the collection of share capital at such an excessive proportion of the expected borrowings as in Bhandara should be discouraged as it is likely to involve too large a strain on the individuals and the societies as also over-capitalization at different levels.

2.60. The need to avoid excessive collection of share capital from member societies is also justified by the availability of State contribution for the purpose. Though initially the provision of share capital by the State Government to the central cooperative banks and the sanction of loans by the Reserve Bank to the State Governments from the Long-term Operations Fund were largely based on the needs of the central cooperative banks from the point of view of their maximum borrowing power covering both deposits and other borrowings, increasingly it is being appreciated and this is reflected in the Reserve Bank's policy in this regard—that State participation should also be aimed at providing the cooperative bank with the quantum of owned funds required for raising the necessary resources from the higher financing agencies by way of borrowings to meet a lending programme on the assumption that it works at a reasonable level of operational efficiency. It is, therefore, possible to obtain additional contribution to the share capital of a bank from Government on this basis, in many cases, with reference to a realistic lending programme and a reasonable degree of dependence on borrowings for financing it. As the Reserve Bank has generally been agreeable, from this point of view, to envisaging a relatively larger degree of dependence on borrowings for banks which are at an early stage of growth,

this should be of particular assistance to banks which are less developed but have to undertake a steep increase in loan operations, as in the context of the Intensive Agricultural District Programme. We found that, except in Bhandara, Mandya, West Godavari (Eluru and Krishna Banks), Thanjavur (Tanjore Bank) and Raipur districts, the contribution of State Governments to the share capital of central cooperative banks has usually been less than Rs. 10 lakhs, the lowest level of such contribution being in Burdwan, Shahabad, Palghat, Pali and Surat. Nor had any increase in the State contribution taken place during the last three years in the case of central banks of Aligarh, Pali, Shahabad, Kumbakonam, Cachar and Surat. Considering the strategic significance of owned funds in relation to an expanding lending programme of which a sizeable part has to be financed from the borrowings and the willingness of the Reserve Bank under its present policy to take into account requirements of owned funds on this basis in sanctioning loans to State Governments for the purpose it is necessary that, as part of the credit programme, the State Governments and the cooperative banks should also draw up, for the next five years, a programme for increasing State contribution to the share capital of each bank to the required extent, as a corollary to its lending programme as it is expected to develop over this period.

2.61. *Deposits of central banks*—It is hardly necessary for us to emphasise the importance of deposits from the point of view of the ability of the cooperative banking structure to provide a satisfactory service to any programme of agricultural production. Though it is understandable that in the early stages of development cooperative banks may have to look largely to borrowings for financing their lending operations, it is necessary that as they build up business, acquire experience and grow in stature, they should increasingly be in a position to function as truly banking institutions i.e. mobilising the resources of the community to finance the requirements of credit for production and other legitimate economic activity undertaken by or through or with the assistance of cooperative societies. The various aids which have been extended to the cooperative banks in the form of liberal financial accommodation at concessional rates by the Reserve Bank on an increasing scale, the contribution of share capital by the State Governments in pursuance of the principle of State partnership, the provision of subsidies for managerial personnel in many cases and the many-sided support of the State to the cooperative movement in different sectors, should all help the cooperative banks increasingly to build up a strong position, project a personality of their own and mobilise resources from the public. The need for own resources, particularly in the form of deposits, also becomes important in the context of expanding lending programmes, especially wherever they are financed to a substantial extent, by borrowings from higher financing agencies. To be able to operate these arrangements satisfactorily with the apex cooperative bank and, through it with the Reserve Bank, etc., it is necessary on the one hand, that the central cooperative banks should present an image of orderly and efficient functioning, and, secondly, that they should have a cushion of resources of their own to meet the impact of any shortfalls in satisfactory performance. Thus, while it is a condition of accommodation from the Reserve Bank that the cooperative banks should show non-overdue cover against loans drawn from it, the

banks will not be in a position to undertake financing on the basis of continued and maximum utilization of the credit facilities forthcoming from the Reserve Bank unless they have sufficient own resources to absorb the overdues.

2.62. The performance of central cooperative banks in regard to deposits has not been uniformly satisfactory in all the districts, though there has been a general increase except for Pali and Shahabad. It is only in Raipur and Surat Central Cooperative Banks that the deposits show a substantial improvement rising from Rs. 54.41 lakhs as on 30-6-1961 to Rs. 133.97 lakhs as on 31-3-1965 in the case of the former and Rs. 341.19 lakhs as on 30-6-1961 to Rs. 486.78 lakhs as on 31-3-1965 in the case of the latter. In fact, the bulk of the increase in deposits in some cases represented largely a rise in the deposits of societies which were themselves, in large part, accounted for by funds released by Government in connection with the implementation of Plan Schemes, godown loans, subsidies and share capital to agricultural credit and marketing societies, etc. The deposits did not touch a level of even Rs. 50 lakhs in 10 out of the 20 central cooperative banks in the package districts.

2.63. We, therefore, urge that the central cooperative banks should make active efforts in different directions to mobilise larger deposits. The basic condition for attracting larger deposits from the public is the ability of the cooperative banks to render to them a satisfactory service in terms of the banking facilities which they require and to conduct their affairs in a business-like manner so as to inspire the confidence of the public. The location of the office, the type of building, extent of accommodation, counters, furniture, and all such details become relevant in this context. Secondly, in the competitive conditions of today, the cooperative banks cannot increase their deposits from the public unless they are able to offer a service which is not only prompt, efficient and courteous but also meets, in the matter of issue of drafts, collection of bills, special type of deposits etc., the varying preferences, needs and convenience of the public. Thirdly, it should be possible with the help of the State Government to secure for the cooperative banks the deposits of local bodies, charitable and educational institutions, other quasi-government bodies etc. From this point of view, we note that in some of the districts such as Aligarh, Shahabad, Sambalpur and Cachar, the cooperative banks have not been made eligible to accept deposits from quasi-government institutions and recommend that steps be taken for the removal of this disability. Special efforts will however be necessary by the cooperative banks to secure such deposits from the authorities of the concerned agencies, even where (and if) such deposits with cooperative banks are made permissible. Fourthly, the rates of interest which are offered, have to be competitive. Fifthly, deposits can be increased by a programme of branch expansion on the lines which have been already indicated. Sixthly deposits raising campaign should be organized in each Block area, by seeking help from the Block Administration. We suggest that the cooperative banks explore all these avenues for increasing their deposit resources and enlist the cooperation of all their directors in undertaking a drive to this end. It will be useful if each bank makes a periodical review of the progress in deposits at the head office and each of the branches with reference to targets which may be laid down from time to time.



2.64. While on the one side it has been difficult to raise resources and there is a dearth of funds in relation to the expanding requirements, it would be unfortunate if these available resources are diverted to purposes other than those which constitute a legitimate charge on the cooperative banks. We understand that, in several districts, in the context of targets fixed for Government officials and Departments for collection of contribution to Government loans or small savings, pressure was brought to bear on the cooperatives, particularly, the central banks, to invest their funds in Government loans and National Savings Certificates beyond the level required by them for purposes of fluid cover. As pressures of this kind can have the result of handicapping the banks in their task of meeting the credit needs of the cooperatives we recommend that in any drive which may be undertaken by the State Government through their officials, the practice of fixing targets for the cooperatives or pressing them to invest their funds in such Government paper should be discontinued.

2.65. Though, for the present, it is largely through the organisation of the cooperative banks that deposits will have to be mobilised from the public, for the use of the Movement, it should, in due course, be possible to raise larger resources at the primary level as well. Apart from an increase in share capital through contribution by members in proportion to their borrowings in the manner referred to earlier, the scope for securing deposits in the village credit societies should gradually increase as, on the one hand, rural incomes go up in step with the progress of agricultural development and, on the other, the primary societies develop into viable units which are capable of running their affairs in an orderly manner with full-time staff and an office and can inspire the confidence of the village community.

2.66. It will be noticed from *Annexure III* giving details of the deposits held by the primary societies in the I.A.D.P. districts before the introduction of the Programme and as on 30th June 1964, that while a few districts have shown notable progress, the record has been poor elsewhere. The best results were seen in Ludhiana with the deposits rising from Rs. 53 lakhs to Rs. 88 lakhs, in Surat the rise being from Rs. 40 lakhs to Rs. 58 lakhs, and in Palghat and Alleppey with an increase from Rs. 44 lakhs and Rs. 3 lakhs to Rs. 54 lakhs and Rs. 36 lakhs respectively. At the other extreme, the record of societies in Burdwan, Aligarh, Pali, Shahabad, Mandya, Sambalpur and Cachar was generally poor. The weakness of the deposits position at the primary level is brought out even more clearly when one considers the average per society. The most impressive record in this respect was that of Palghat with average deposits of Rs. 14,918 per society. The average ranged between Rs. 6,000 and Rs. 9,600 in the districts of Ludhiana, Sambalpur, Surat, Alleppey and West Godavari. The position was weakest in Cachar and Shahabad, where the average fell short of even Rs. 100 and not much better in Pali, Mandya, Burdwan and Bhandara with averages of Rs. 390, Rs. 588, Rs. 635 and Rs. 630 respectively. It is obvious that the contribution which the primaries in most areas are making to the cooperative credit structure from the point of view of resources is negligible at present and needs to be stepped up appreciably.

2.67. In the context of efforts for deposit mobilisation, a reference may be made to the scheme of compulsory thrift deposits in the Raipur district which has contributed to the increase of deposits in this district from about Rs. 18 lakhs to Rs. 29 lakhs. As these deposits, however, were kept in the central bank, the societies could not draw upon them and use them for their own business. From the point of view of stimulating local enthusiasm for mobilising deposits, it should be made possible for the primaries to use such resources or a major part of them for financing of their own programmes, in particular for making loans for such purposes as are not eligible for credit facilities from the central cooperative banks. Schemes of compulsory deposits are also being operated in Thanjavur, Surat and Ludhiana, the collection being on the basis of a fixed sum per acre of land cultivated in Thanjavur and on the basis of the percentage of the value of produce marketed by members in Surat.

2.68 During our visits to the districts we observed that, in respect of share capital and deposits collected from members, many primary societies did not issue share certificates or pass books with the result that this tended to create a general impression among members as well as non-members that these amounts also represented charges for the services of the societies. It should be made obligatory for every society to issue share certificates and pass books and this would also incidentally help create confidence of the rural people in their local cooperatives. Intensification of the programme of cooperative education of members and prospective members of cooperative will also help to enable them to understand their rights in and obligations to their societies.

2.69. The Action Programme circulated by the Ministry of Community Development and Cooperation has suggested a system of collection of compulsory thrift deposits at 5 per cent of the borrowings each year after the share capital contribution of members has reached a limit of 20 per cent of their borrowings. It should be possible to raise substantial resources in this manner if this suggestion is adopted in all the primary societies in the package programme areas forthwith. To invest any such effort with significance it is, in our view, necessary to link it to an important lacuna in the service which cooperative credit is today able to provide. It is well-known that the need for consumption credit for meeting emergency expenses relating to major illness, marriage ceremonies, deaths and so on is an important aspect of the total demand of the cultivators for credit in the conditions of our rural economy and it is this which, in many cases, compels the cultivator to retain his links with the non-institutional credit agencies like the money-lender or the trader. To the extent that the cooperative agency can find a means of meeting some part of such credit needs, it will be possible to wean the cultivator away from the virtually undisciplined system of credit to which he has now to turn for such needs. As it is not practicable, in the overall context of the available resources and appropriate priorities, for higher financing agencies to provide resources for these purposes, it would be a step in the right direction if the thrift deposits which are proposed to be collected are also used substantially for meeting credit needs associated with such emergency expenses. The availability of credit for meeting outlays of this kind will help to increase the

significance of the cooperative agency in the total context of rural credit and also provide an incentive for the collection of such deposits. We recommend that the suggestions contained in this regard in the Action Programme should be effectively pursued in all the districts, with the emphasis on such deposits as a means of enabling cooperative credit to widen the scope of its service to the cultivators on the lines indicated above.

2.70. *Borrowings from higher financing institutions*—The other major source of funds for the cooperative credit structure is the Reserve Bank, supplemented by the apex cooperative bank to a limited extent. The credit limits sanctioned by the Reserve Bank to the central cooperative banks in the districts in 1963-64 amounted to Rs. 13.84 crores and, together with those sanctioned by the apex bank from their own resources, they rose to Rs. 17.66 crores. While it is not necessary for our purpose to go into the details of the accommodation provided by the Reserve Bank, we note that there has been a general and steady increase in the quantum of accommodation drawn from the Reserve Bank wherever the quantum of cooperative credit disbursed showed expansion. As the determination of eligibility of the cooperative banks from the point of view of the credit limits of the Reserve Bank is related to their soundness and efficiency in working we shall only say that it is important that the banks should so conduct their affairs from the point of view of the loan policies and procedures adopted, the performance in respect of recoveries, investment policies, maintenance of books of account, conformity with requirements of sound banking practice in various operational matters and so on, that their credit rating with the Reserve Bank would be substantially increased. The support which the Reserve Bank will be in a position to provide to a cooperative bank is essentially a function of the bank's own ability to conduct its affairs in a satisfactory and progressive manner and the extent to which accepted policies relating to production credit are implemented satisfactorily in its area.

2.71. Though it is the eligibility in these broad terms which is ultimately significant for the purpose, the audit classification of the banks is relevant as a limited indicator of efficient operation. Only 5 out of the 20 banks in the Package areas are in the 'A' class, while 7 are in the 'B' class and 8 are in the 'C' class. The fact that a large number of banks are in the 'C' class underlines the need for improving the quality of the working of the cooperative banks in these districts.

2.72. It is a measure of the inadequacy of the cooperative banks in relation to the tests of satisfactory functioning that they have not in all cases been able to fully utilise the accommodation which was forthcoming from the higher financing agencies. As against the total limits of Rs. 17.65 crores sanctioned by the apex banks, the maximum drawals were only Rs. 11.35 crores. So far as the Reserve Bank was concerned, while the limits were of the order of Rs. 13.84 crores, the drawals were only Rs. 8.11 crores. Thus, only the three banks of Thanjavur, Raipur and Ludhiana were able to utilise the limits in full while the remaining 16 banks showed short-falls in drawals as compared to limits. Short-falls in utilization largely reflected unsatisfactory repayment performance leading either to defaults of the central financing agencies to the apex bank in the repayment of their

loans on due dates or the inability to show non-overdue cover in respect of drawings on the Reserve Bank limits. The unsatisfactory recoveries to which we had made an earlier reference reflect, in their turn, poor management, slow progress in adaptation of loan policies, their defective implementation and ineffectiveness of supervisory arrangements. In such circumstances, continued operation on the limits would have been possible only if the institutions affected had sufficient resources of their own to absorb the overdues but, as we have seen earlier, these were mostly the banks which were particularly weak in their deposits. We would, therefore, once again emphasise, in this context, the need for taking all steps to bring down overdues and to maintain a satisfactory performance in regard to recoveries in the face of the expansion of credit. This acquires further urgency from the fact that, as had been indicated by the Reserve Bank two years ago, non-overdue cover is to be insisted upon by the Bank from 1965-66 even in respect of all 'C' class banks for which this had not been done so far. We would therefore urge that the cooperative banks should take steps to improve their operational efficiency and supervision arrangements to be able to keep the overdues low and within the limits of their absorptive capacity. At the same time we would recommend to the Reserve Bank that sympathetic consideration be given to deserving cases among the cooperative banks serving the package districts, where they are unable to satisfy this condition in the short run, so that credit support to the programme in these districts may not be jeopardised.

2.73. Another aspect of the Reserve Bank's credit limits to which we should make a reference here relates to their insistence on Government Guarantee for purposes of such accommodation. It is significant that some of the banks in the Package programme which had been earlier financed on their own signatures had to offer government guarantee once they came to be covered by the Programme. On a review of the historical background to these arrangements, we observe that the provision of Government guarantee was laid down as one of the pre-requisites of the introduction of the Programme even in the earliest discussions at the all-India level in this regard and that it was looked upon not only as a cover against the risks which a programme for expanding agricultural credit might, in our conditions, be considered to carry, but also as a means of securing that degree of intimate involvement of the State Government in the programme as is required for ensuring satisfactory arrangements for the proper dispensation of credit and its recovery. Some of us are of the view that if a central bank, on its own strength, is eligible to obtain credit limits from the Reserve Bank, insistence on Government guarantee, in respect of such limits, needs to be reconsidered. The present policy may, therefore, be reviewed with a view to dispensing with Government guarantee in respect of those central banks which are otherwise eligible to obtain credit limits on the basis of two good signatures.

2.74. We have also observed in districts like West Godavari that the requirement of Government guarantee has led to delays. It is necessary to streamline the arrangements at the State level to eliminate administrative bottlenecks. We recommend for adoption by the States the procedure recommended by the Reserve Bank according

to which the State Governments might, after obtaining an estimate of the credit needs of the district through the Registrar of Cooperative Societies in advance, inform the Reserve Bank of their willingness to stand guarantee up to that particular amount recommended by the Registrar, so that the Bank might be able to sanction the credit limits without waiting for the actual execution of the guarantee deed.

2.75. We should also draw attention, in this connection, to the inability of the cooperative banks in the I.A.D.P. districts to make full use of the credit limits provided for medium-term purposes by the State cooperative banks out of the resources made available to them by the Reserve Bank. It will be noticed from *Annexure VI-C* that, as against the sanction of Rs. 142.42 lakhs during 1963-64, drawals amounted to only Rs. 75.84 lakhs. Similarly during 1964-65, as against the medium-term limit sanctioned by the Reserve Bank at Rs. 111.30 lakhs drawals amounted to only Rs. 78.19 lakhs. Such under utilization of limits which is witnessed alongside the general demand for larger medium-term credit through the cooperative agencies only reflects the inability of the cooperative banks concerned in the Package areas, as in the rest of the country, to formulate rational policies for medium-term credit and to initiate the various operational processes early enough during the year to utilise the limits without delay. To remedy the situation, it is necessary firstly, that the fullest publicity should be given to the nature of purposes for which and the basis on which medium-term loans can be provided, in terms of the rational approach suggested earlier, so that there is the fullest awareness, at the member end, of the available facilities and the manner in which they can be taken advantage of. Secondly, it is important that each society should know early enough the quantum of medium-term loans which it can hope to secure from the central bank during the year, so that it can accordingly plan such lending. Similarly, the central cooperative bank, in its turn, should have some assured indication as to the extent of medium-term credit which it can count on obtaining from the apex cooperative bank. To facilitate the planning of resources and operations well in advance, it is necessary that the apex cooperative bank in each state should undertake this commitment at least in the case of the I.A.D.P. banks early enough in the year so that the time-consuming processes which are associated with the application, sanction and disbursement of medium-term loans and reimbursement at different levels are all completed in time and there is a better utilization of the facilities which are forthcoming from the Reserve Bank.

2.76. In conclusion, a reference needs to be made to the important part which the apex cooperative banks in several States have to play in relation to any development of cooperative credit in the districts. As the leader of the Cooperative Movement, particularly in the credit aspect, in each State, the responsibility of the apex bank to initiate, support and foster desirable changes in operational policies at the central bank level is very great. This acquires further significance in areas where the central banks are relatively weak in organizational and financial terms. Another important aspect of the role of the apex cooperative bank is its responsibility to augment the resources of the

central cooperative banks by providing credit facilities supplementary to those of the Reserve Bank, particularly in the cases of those central banks which do not qualify, on their performance, and with reference to the Reserve Bank's standards of eligibility, for that degree of support from the Reserve Bank as they may need for financing their loan programmes. It is unfortunate that several of the apex cooperative banks have not been, in the past, intimately involved in the formulation of the credit programmes and their implementation. It is also true that, in certain areas, the apex cooperative banks themselves were none too strong in their resources or competence for leadership or satisfactory in their financial position and, therefore, it has not been possible for them to come to the aid of the central banks in critical situations in the manner expected of them. Even so, we would urge that the apex cooperative banks generally should be closely associated in the formulation of policies, so far as they concern credit and that in those states, in particular, where the concerned central cooperative banks in the Package districts are somewhat weak in their ability to service the production programme, the apex bank should come to their aid by helping to build up proper practices in their working, giving them the necessary guidance in formulating policies, and providing experienced personnel for the key posts.

#### V. PAST PERFORMANCE AND FUTURE NEEDS

2.77. We have attempted in the foregoing pages, a review of the extent to which cooperatives had made progress in the direction of equipping themselves for the task of servicing, in the credit aspect of the intensive agricultural programme in the various districts and made certain suggestions to make better performance possible in future in some of these directions. It is also relevant to consider here the progress in terms of the increase in the quantum of cooperative credit witnessed in these areas, though this cannot be evaluated with any precision in relation to need, in view of the various factors having a bearing on the demand for credit which ultimately presents itself to the cooperative agency. Data on the loans advanced by agricultural credit societies in the districts is presented in *Annexure III*. The total quantum of finance in all the IADP districts has shown a net increase of Rs. 358 lakhs to Rs. 1,933 lakhs. In Thanjavur, Burdwan, Ludhiana and Alleppey the credit increase is noteworthy, the quantum of finance having gone up to almost twice the level prevailing before the introduction of the programme. In Shahabad too, there has been a striking increase, the total amount of advances having risen from Rs. 12.21 lakhs to Rs. 49.06 lakhs. Sambalpur, Surat and Palghat too have recorded some increase in the credit provided. On the other hand, there are 7 districts viz., Cachar, Bhandara, Aligarh, Pali, West Godavari, Mandya and Raipur where the quantum of finance has, despite the increase in the credit scales (except in the case of West Godavari), declined since the introduction of the programme. Though this has resulted from a variety of factors which cannot be easily delineated, it may be said that the more important of these are the insistence on the farm production plans in almost all the districts as a condition precedent to the provision of credit; denial of credit to cultivators who did not agree to lift the kind portion, particularly in Aligarh, Raipur and Mandya; denial of credit to tenants in West Godavari; the implications of the switch-over to

the pattern of seasonality, particularly in West Godavari; the provision of taccavi; the rise in overdues, and the non-availability of arrangements to meet emergent situations caused by drought, floods, etc. The provision of taccavi was particularly significant in its impact in Bhandara, Pali and West Godavari while the paralyzing effect of overdues was especially in evidence in Cachar. Another relevant factor in this context was that the scales of finance prior to the introduction of the Intensive Agricultural District Programme, being unrelated to production, were somewhat on the high side in Aligarh and West Godavari and were brought down under the farm plans which sought to assess the credit requirements on a more rational basis.

2.78. As we have suggested earlier, no direct relationship can be established between the quantum of credit increase and the progress of the Programme as seen from increased use of fertilizers, etc. We have no intention to go into the factors which have inhibited the development of the agricultural programme itself such as the natural conditions of the areas selected, the quality and adequacy of the extension service, the availability of supplies, coordination among the various participating agencies, etc. though these are relevant insofar as they do ultimately affect the extent to which additional demand for production credit emerges. We would, however, emphasise the fact that the nature of the programme itself is such that the response to it cannot but be gradual. This is also the impression gathered from the results of a study made by the Research Officer (Package) attached to the project in Thanjavur on the working of the Programme in that district, by interviewing 292 ryots spread over 7 blocks. That there was little awareness of the Programme, appreciation of its significance and the nature of its implications and only a limited sense of participation was clear from the nature of their replies in regard to the purpose of farm plans. Thus, 26 per cent of the ryots thought that the farm plans were prepared to enable them to get fertilizers in time, and 14 per cent thought that their purpose was to help to get credit in time. Again, of the total number of ryots, who had programmed for credit, only 2 per cent has programmed for the full credit of Rs. 150 per acre (Rs. 75 in cash and Rs. 75 in kind) to which they were eligible. As against 15.6 per cent of the cultivators who programmed for full credit of Rs. 75 in cash, those programming for full credit for Rs. 75 in kind figured at only 1.8 per cent and the proportion of those programming credit in kind at Rs. 10/- to Rs. 30/- was found to be the largest i.e. nearly 48 per cent. All this should illustrate what was apparently a general trend, viz., that not all the cultivators were inclined to adopt improved practices even if farm plans had been prepared for them and even of those who did adopt these practices, not all were prepared to take up the full dosage of inputs recommended. It is only on the basis of confidence in change, arising from experience, that response can improve and it is, therefore, an inescapable fact of the situation that the adoption of improved practices and the farm outlay would increase only by somewhat slow degrees.

2.79. Then, again, increased outlay will not necessarily lead to an equal increase in demand for credit. The basic fact to be recognised is that some of the cultivators do not need to borrow because they

have their own resources to meet their needs of outlay on production or other purposes. Recent studies have confirmed this view though such studies may have certain inherent limitations. Such studies may not reveal information about persons who, despite their need for credit, could not obtain it or about persons who, for certain social reasons, do not disclose their indebtedness. Further, the need to borrow also depends upon the technical level of agricultural operation. A cultivator who needs no credit for traditional methods of agricultural operations may be required to borrow when he adopts improved practices involving additional investments in land. According to the All-India Rural Debt and Investment Survey 1961-62, carried out by the Reserve Bank of India, the percentage of indebted cultivators in the country was only 65.8 per cent of the total and only 52 per cent of the total borrowed loans during the year. This was also the impression gathered from the results of the survey carried out by the Package authorities in the first seven districts at our request which showed, firstly, that 40 per cent of the non-member respondents had stated the absence of any need to borrow as their reason for not joining the cooperative and, secondly, that 48 per cent of the non-borrowing members (among the members contacted) indicated the same reason for their not borrowing from the cooperative as shown below:

	Raipur	Ludhiana	Aligarh	Thanjavur	Eluru	Total
No. of non-member respondents .. ..	70	32	50	284	72	508
No. who did not join co-operatives as they had no need to borrow ..	..	18	22	163	..	203
Total number of member respondents ..	51	40	33	272	60	461
No. of members who did not borrow as they had sufficient resources of their own ..	..	36	28	154	-	218

The Thanjavur study referred to earlier also showed that only 47 cultivators out of 292 programme participants availed of credit for all the three years i.e., 1961-62, 1962-63, 1963-64, though separate information is not available to show how many of them did not need to borrow. It is necessary, therefore, to recognise the fact that all the cultivators do not necessarily need to borrow and that, even if some of them should begin to find such a need after they adopt improved practices, it will not be realistic to assume for them or for others that the entire additional outlay will be met only out of borrowing.

2.60. It is only after allowance is made for all these factors that the increase in demand for credit emerging from the I.A.D.P. can be arrived at. Even this demand may not have presented itself in entirety to the cooperative. The comparative data given in *Annexure VI* on the total number of farm plans prepared, the number of members of cooperatives for whom they were prepared and the number financed by cooperatives would reflect this position to some extent. The gap between the amount of credit programmed and the amount



drawn also given in the *Annexure* would reflect, in part, the shortfall in the adoption of improved practices, the absence of need for credit to finance the actual outlay and the inability, if any, of the cooperative to meet the full need. For one thing, there are cultivators who prefer non-institutional creditors like the moneylender or trader because of factors such as close and long-standing links, flexibility and informality of such credit, reluctance to accept the discipline of institutional credit of a production-oriented type, predominantly consumption-type of demand for credit etc. for another, a second line of credit on relatively attractive terms is available in the form of taccavi.

2.81. Some of the I.A.D.P. districts witnessed a steep increase in the quantum of taccavi which was not, apparently, called for in areas where cooperative coverage was reasonably satisfactory and the cooperative credit structure was sufficiently serviceable. In *Ludhiana*, in particular, the volume of taccavi loans went up from Rs. 7 lakhs in 1960-61 to Rs. 74 lakhs in 1963-64, though cooperatives were already covering a large proportion of the cultivating population and engaged in distribution activities as well. In *West Godavari*, the Development Blocks and the Panchayat Samitis provided loans under the intensive manuring scheme besides the cooperatives, and medium-term and long-term loans were also advanced by the Government for improvement of land. In *Burdwan*, fertilizer loans were issued by the Agriculture Department and the Development Department through the Development Blocks. The interest rate charged by the cooperatives was higher than the rate charged on taccavi loans and consequently even members of cooperatives preferred to take loans from the Government agencies. In *Bhandara* too, the State Government provided a second line of credit by way of taccavi loans to the cultivators during 1961-62, 1962-63 and 1963-64. For 1964-65, the State Government placed a sum of Rs. 15 lakhs at the disposal of the Collector of the district not only to finance non-members but also defaulter members of cooperatives who might not get any loans from their societies. The provision of a second line of credit by the State Government particularly to defaulting members of societies was unsound in principle and was likely to have adverse repercussions on the Cooperative Movement in the district. It is also a matter of regret that this decision was taken without consultation with the State Cooperative Bank and the district central cooperative bank.

2.82. We certainly do not suggest that the need for the provision of taccavi has totally disappeared but would certainly emphasise the need for effective implementation of the accepted policy in this regard so that the object of cooperative development is not defeated in practice by an indiscriminate supply of taccavi. Specifically, we would urge that (a) no taccavi should be provided to members of cooperatives excepting to those who are denied cooperative credit for no fault of theirs, (b) taccavi should not be provided on such terms and in such a manner (e.g. in the matter of rate of interest or in the matter of financing defaulters or taking a lenient view of overdue loans) that makes cooperative credit unattractive and underfunds should increasingly be placed at the disposal of cooperatives". be a gradual reduction in the quantum of direct taccavi and "such funds should increasingly be placed at the disposal of cooperatives"

This general approach though accepted in principle is yet to be implemented in practice and it is in this spirit that the dispensation of taccavi, to the extent that it may be necessary, should proceed.

2.83. It is in relation to the residual amount of the additional demand for production credit that the actual performance of cooperative credit has to be viewed. No quantitative evaluation is possible in view of the nature of factors which have to be allowed for. But, by and large, the cooperatives do not, in most areas, seem to have proved themselves unequal to the task. Allowance has also to be made in this context for the fact that, as indicated earlier, the scale of cooperative financing in certain areas, having no rational basis, had been in excess of production needs before the introduction of the Programme and that, in such cases, orientation to production involved no increase but decrease in such scales of finance. To some extent, shortfalls in relation to actual need had occurred because of insufficient relaxation of restrictive features of cooperative practice in the earlier stages of the programme, the prevalence of overdues, rigidities in operation such as the insistence on production plans as the basis for credit or the lifting of the kind component as the condition for drawal on the cash limit etc. By and large, however, cooperatives have in most areas proved themselves increasingly capable in terms of the necessary orientation of their ways of working and the organisation and resources commanded by them, to meet the demands of the Programme for credit support, as is indicated by the increasing coverage of villages and membership, liberalisation of practices in regard to I.M.B.P., surety limits, etc., increase in resources raised by way of owned funds, deposits and borrowings, raising of the scales of finance for different crops and so on. We do not, however, suggest that the performance of the cooperatives has been equally satisfactory in all areas or reached its full potential anywhere and have, in fact, referred, at different stages, to the factors which have stood in the way of better achievement. We would, however, take the view that, by and large, the record of the cooperatives has been such as to show an increasing degree of responsiveness to the Programme and to demonstrate their suitability for the role assigned to them in this coordinated effort and promise of improving performance in the future. What is required for further progress is the qualitative strengthening and improvement of cooperative credit, on the lines suggested by us, in its structural and organizational aspects, lending policies and resources, in the case of institutions at all levels so that it will be possible to meet, through the cooperative agency, the increasing demand for such credit which may emerge in the coming years as the impact of the extension effort gathers momentum.

2.84. *Assessment of Credit needs*—This brings us to the task, enjoined on us by our terms of reference, of estimating the likely credit needs in these areas in relation to likely resources. It will be clear from what we have already said in regard to the various factors having a bearing on the quantum of demand for credit which may ultimately emerge as the residual need to be met by the cooperatives, that the estimation of credit requirements on this basis is a task which bristles with complexities. The different sub-working

groups did make attempts in the course of their visits to assess the credit requirements for each district and the likely gap between the production finance required and the available resources. We were confronted, however, with various factors, apart from those already referred to above, which are unpredictable in character such as the intensity of the improved practices to be adopted by the cultivators, the extent of the holding over which this would occur, the likely availability of supplies and other services, the possible variations in the scales of finance depending upon the changes/improvements in land, water resources, etc., the extent to which the cultivators would join the cooperative fold, the peak level of credit in the case of double cropped or multi-cropped areas, changes in the pattern of cultivation and so on. It was even harder to make even a rough assessment in respect of medium-term loans. An estimate of the resources which the cooperatives were likely to command also presented various difficulties in view of the uncertainty in respect of increase in deposits, the level of overdues etc.

2.85. A detailed exercise in respect of credit needs, if possible, would perhaps have to proceed somewhat on the following lines. To consider, first, the likely number of non-borrowing cultivators and the acreage which they are likely to represent, the position will vary from area to area, as it will depend on the local conditions in respect of the relevant factors. If on a very rough reckoning, it is assumed that the top 10 per cent and the bottom 10 per cent of the cultivators may not borrow and that they might together account for about 40 per cent of the total area under cultivation, the remaining 80 per cent of the cultivators—the potential borrowers and hence clientele of the credit agency—will be having only 60 per cent of the acreage i.e. roughly three-fourth of the acreage which they should have commanded on a proportionate basis.

2.86. Then, account has to be taken of the fact that cultivators with the larger surpluses, will not need to borrow to the full extent of the outlay as they can use their own resources to finance the outlays. As the size of holding increases, therefore, the quantum of credit need per acre might go down. This is also seen from the practice in cooperative credit societies by which the available resources are rationed by the imposition of a ceiling on the individual borrowing power. It may roughly be assumed that on this basis the effective financing per acre is only about 75 per cent of the scale of outlay which is in force. The actual credit need will then work out to  $60/100$  of the total acreage  $\times$  75 per cent of the accepted scale of finance per acre. The actual demand for credit is thus likely to be about 45 to 50 per cent of the total outlay.

2.87. If, however, a dynamic view is taken, it will be seen that some of these assumptions may need change when agricultural production in an area moves from one level of technological organisation and efficiency to a higher level involving larger use of modern inputs, etc., and hence larger outlay on the whole. Thus, the non-borrowing category might slightly shrink, the category of those who borrow only for cultivation expenses might expand and the credit requirements per cultivator might generally go up.

2.88. Within the time available to us we have been unable to attempt any detailed or sophisticated type of estimates in this regard on the above lines, though this will need to be attempted in each district in due course, with the benefit of the local knowledge likely to be available at that level. All that we have attempted in the limited time available to us is a rough exercise generally in accordance with the approach outlined earlier but not based on data in such detail as was necessary for the purpose. "It is estimated that, on the basis of the scales of finance, the total outlay on agriculture in these districts would be of the order of nearly Rs. 200 crores. On the basis of the assumption made earlier the credit needs of cultivators is estimated at Rs. 100 crores and it is assumed that this would be the short term credit requirement at the end of the Fourth Plan i.e. 1970-71. It is expected that the share of the cooperatives in meeting the credit requirements would vary from 60 to 80 per cent in these districts. On this basis, credit needs of cultivators to be covered by cooperatives by the end of the IV Plan would be of the order of Rs. 75 crores. We have proceeded on the basis that, for the reasons indicated earlier, the likely credit required, in the sense of amounts to be advanced by the agricultural credit societies for production purposes, would be one-half of the estimated outlay on the basis of the total land under cultivation under important crops in the district, given scales of outlay per acre (as per particulars given in *Annexure VI A*) and the coverage by cooperative credit of 60 to 80 per cent of the agricultural credit needs of the rural population and assumed that this will be reached by the end of the Fourth Plan i.e. in 1970-71. Comparing the level of credit so indicated with the level already reached in 1963-64, we have arrived at the likely rate of annual increase and used this for estimating the demand for cooperative credit likely to present itself in 1966-67 at about Rs. 38 crores, as per details given in *Annexure VI B*.

2.89. Turning next to the resources required for meeting demand of this order, on certain assumptions in regard to the extent to which resources from the primary agricultural credit societies will be available for the purpose and the extent of likely dependence of central banks on borrowings from higher financing agencies, we have estimated the outstandings from agricultural credit societies to central banks and the limits likely to be required from the Reserve Bank in 1966-67, as shown in *Annexure VI-B*. It will be seen that, for some districts, the additional demand on accommodation from the Reserve Bank is not likely to be very large. In a few other districts, though a steep increase appears necessary, the actual need is likely to be much less since, as indicated earlier, funds provided by Government, either to cultivators direct or through cooperatives, will help to take care of part of the demand. Even in those districts where additional demand for accommodation from Reserve Bank is likely to be large, we expect that there will be no difficulty in obtaining finance on the scale required, if steps are taken to improve the operational efficiency of the structure to the extent necessary, especially in view of the fairly liberal policies now in force in the matter of contribution of Government share capital to cooperative banks and the provision of accommodation by the Reserve Bank.

### CHAPTER III

#### FARM SUPPLIES AND CONSUMER SERVICES IN RURAL AREAS

3.1. A major responsibility of the cooperative agency in the I.A.D.P. districts relates to the supply of agricultural requisites to the cultivators to enable them to adopt improved practices as envisaged under the programme. For the cooperatives to be able to fulfil this role adequately, it is necessary for them to ensure that the supply of fertilizers, seeds, pesticides or implements, as the case may be, is sufficient in quantity, is of the right kind from the point of view of quality, and is made available at the right time and through conveniently situated points of distribution. Further, the service has to be comprehensive and include all the major inputs recommended by the extension agency. The preferential, if not monopoly, position accorded to the cooperative as the agency for distribution also assumes that the cooperative is in a particularly advantageous position to exercise a wholesome influence on the cultivator and persuade him, through aggressive salesmanship, to use these modern inputs without, however, taking such insistence to the point of compulsion. Finally, it has to be considered whether the cooperatives are suitably equipped for rendering this kind of a supply service to the cultivator, in terms of the storage facilities available with them, the financial resources required for the purpose, the nature of trading arrangements in operation, the procedures adopted in matters such as indenting their requirements on a business-like basis, and so on. We do not have data on all these aspects of the performance of the cooperatives in respect of supply. Further, it is not convenient to deal with these matters for all the items taken together as the position in different respects differs from one type of input to another. An attempt is, therefore, made in the following paragraphs to indicate the major aspects of experience in this field for each type of input separately.

##### I. FERTILIZERS

3.2. (i) *General Progress*—Fertilizer is a major ingredient of the package of improved practices recommended for adoption by the cultivators for increasing agricultural production. The progress made in the consumption of fertilizers in the various I.A.D.P. districts has already been referred to in Chapter II. Alongside the general increase in the use of fertilizer, there has also been a significant improvement in the part played by the cooperatives in this field, as may be seen from the data on the distribution of fertilizers by cooperatives given in *Annexure VII*. The value of fertilizers distributed by cooperatives in these districts increased from Rs. 225.36 lakhs before the inception of the programme to Rs. 898.39 lakhs during 1963-64. The number of cooperative retail depots in these districts increased from about 2,168 to 4,325. The total number of cooperative retail depots for fertilisers in the country at the end of 1963-64 was 42,000. Each retail depot in the I.A.D.P. districts covered on an average 7 to 8 villages; whereas the average for the country is 13 to 14 villages. The average off-take of fertilizers per depot in the I.A.D.P. districts at 60 tons per year

compared favourably with the average off-take of 26 tons for the country as a whole. The following table gives the number of villages covered by each depot and the average off-take per depot in the various I.A.D.P. districts:—

S. No.	Name of District	Average No. of villages covered by a cooperative retail depot	Average off-take per depot (in tons)
1	2	3	4
1	Aligarh ..	9	25
2	Ludhiana ..	3	64
3	Pali .. ..	4	25
4	Raipur .. ..	15	79
5	Shahabad ..	3	45
6	Thanjavur ..	4	55
7	West Godavari ..	4	180
8	Alleppey ..	2	30
9	Bhandara ..	7	25
10	Burdwan ..	16	75
11	Mandya .. ..	4	190
12	Palghat .. ..	3	30
13	Sambalpur ..	20	40
14	Surat .. ..	10	95
15	Mandi .. ..	26	14
16	Delhi .. ..	4	13

3.3. There would appear to be considerable scope for opening more depots in many of these districts particularly Mandi, Burdwan, Raipur and Surat. Ordinarily the objective should be that no cultivator is required to travel more than 4 to 5 miles to obtain his requirement of fertilizers.

3.4. (ii) *Distribution of Fertilisers through Cooperatives*—Cooperatives are the sole distributors of nitrogenous fertilisers in all the districts excepting Alleppey, Palghat, Pali, Thanjavur and Aligarh and, till recently even in Thanjavur and Aligarh. As the cooperatives had shown satisfactory performance in promoting the use of these fertilizers it is doubtful if there is any need for admission of private trade or Government agency into this business, as has been permitted in Thanjavur and Aligarh. In Aligarh, besides the cooperatives, Government depots also undertook retail distribution of fertilizers in order to serve non-members. In practice, however, these depots were found to serve members of cooperatives also. As a cooperative is expected to serve its members as also non-members insofar as farm supplies and consumer services are concerned, and can, therefore, soil fertilizers to a non-member either for cash or on the basis of taccavi permits which can be encashed later, there is no need to start Government depots exclusively for the benefit of non-members. In Alleppey and Palghat, the F.A.C.T. (Fertilizers and Chemicals Travancore Ltd.), which is the sole distributor of chemical fertilizers is utilising the services of cooperatives as well as private agencies for retail distribution of fertilizers. In Pali, besides cooperatives, Panchayat Samitis are also directly undertaking distribution of fertilizers.

3.5. The package concept implies the fullest possible coordination between the agencies involved in the provision of various services under the programme. While technical and advisory services are to be rendered by the extension agency, the cooperatives have to take upon themselves the service functions of providing credit, farm supplies etc. In the production-oriented system of credit which has been suggested in Chapter II, a part of credit is required to be disbursed only in kind and another part to be disbursed in cash would be related to the kind portion lifted. An effective implementation of such a system would be dependent upon the entrustment of fertiliser business to the cooperatives. It is, therefore, in the interests of both cooperatives development and agricultural production that active support and positive preference be given to cooperatives in the matter of distribution of fertilisers, particularly those allotted from the central fertiliser pool. The progress of the programme through a production-oriented system of credit in the cooperative sector is bound to suffer to the extent the cooperatives are not enabled to handle this business. We urge that the Panchayats and other agencies should withdraw from this activity at the earliest in areas where this work can be performed by the cooperative satisfactorily.

3.6. Besides the distribution of nitrogenous fertilisers allotted from the central fertiliser pool, the cooperatives have been entrusted with the distribution of phosphatic fertilisers also in many districts. In Ludhiana, Raipur, and Burdwan, the cooperatives have been appointed as the sole distributors of all types of fertilisers. In West Godavari District, on the other hand, it was observed that most of the primary societies did not deal in phosphatic fertilisers and the cultivators were required to purchase nitrogenous fertilisers from the cooperatives and other fertilisers from the private dealers. It would be convenient to the farmers and also help cooperatives become viable units if they could deal with the entire range of fertilisers. We recommend that Government may provide all possible assistance to cooperatives in this regard.

3.7. In Burdwan, the arrangements for supply of fertilisers were found to suffer as a decision to entrust this work to the cooperatives was taken from year to year and delays were noticed in taking and communicating this decision to the cooperatives. For example, the State Government's order continuing this system for the year 1964-65 was communicated to the cooperative agency only in March, 1965. As cooperatives have to make the necessary financial, administrative and other arrangements in advance to discharge their responsibility, it is necessary that the decision should be made known very early. The State Government should also consider whether it will not be advantageous to take a long-term decision which should place the cooperatives in a position to make necessary arrangements for stocking adequate quantities of fertilizers and for their effective distribution in time.

3.8. In the West Godavari district, it was noticed that the District Cooperative Marketing Federation, which is a whole-saler itself undertook retail distribution of fertiliser in some areas, instead of pressing the primary societies into service. The general principle should be that, wherever a primary cooperative society is not able

to open a retail depot for one reason or the other, the higher level society might open a depot to cater to the needs of the cultivators of that area. Once a primary society is able and willing to undertake this activity, however, the higher level cooperative should withdraw from that area.

3.9. One of the means of improving the consumption of fertilisers in the I.A.D.P. districts would be to make satisfactory arrangements for the supply of fertilisers to the cooperatives. In many districts, it was represented that the consumption of fertilisers would have been higher if fertilisers had been made available in larger quantities. In Burdwan District, the cooperatives experienced much difficulty in obtaining phosphatic fertilisers from the private manufacturers direct. The State/Central Governments should take appropriate steps to ensure that adequate quantities of fertilisers are secured for cooperatives in such cases.

3.10. Fertiliser mixtures are becoming increasingly popular amongst the cultivators and if the cooperatives have to hold their own in this field, they may have to undertake preparation of mixtures in demand. In some of the districts like Burdwan, Mandya and Thanjavur, cooperatives are already dealing in manure mixtures. Higher level organisations like the district marketing societies/apex marketing societies should take up the business of manure mixtures, employing the necessary technical personnel to satisfy all the technical requirements. We recommend that the block capital required for installation of plant and equipment may be provided by the State Governments as long-term loans to the cooperatives and the National Cooperative Development Corporation may make available the necessary funds to the State Governments for this purpose.

3.11. (iii) *Arrangements for Procurement*—The arrangements for procurement of fertilizers by cooperatives differ from district to district. In districts like Ludhiana, West Godavari, Raipur and Mandi, the primary credit societies obtain fertilisers on consignment basis from the marketing organisation, which, in turn gets stocks on consignment basis from the Government. In Aligarh District cooperatives handle fertilisers on consignment basis upto the level of taluka marketing society, but the village societies obtain fertilisers on cash and carry basis. In Thanjavur, a regional marketing society, which acts as a wholesaler, receives fertilisers against cash payment, but it provides them on consignment/credit basis to village societies. In Burdwan, primary credit societies are required to pay cash and lift the fertilisers from marketing societies. It was observed that some societies in the district had considerable difficulty in mustering adequate capital to lift the stocks. In Shahabad, the central cooperative bank pays the marketing societies for the fertilisers lifted by primary credit societies.

3.12. Arrangements for procurement of fertilisers by cooperatives should be such as would facilitate free flow of fertilisers all along the line. A view has been expressed that primary credit societies should pay cash and lift stocks of fertilisers from out of the accommodation made available to them by the central cooperative bank. We would, in this connection, like to point out that, considering the relatively



weak financial position of primary credit societies, the need for their stocking fertilisers well in advance of the season and long before the cultivators actually demand them and also the obligation of the societies to stock and supply fertilisers to non-members also, there is an obvious advantage in a primary society obtaining fertilisers on consignment basis. The Committee on Fertilisers (1965) appointed by the Ministry of Food and Agriculture under the chairmanship of Shri B. Sivaraman has also recommended that "until cooperative wholesalers are able to organise this system efficiently, the State may allow them six months' credit for the next three years. These credit facilities will have to be passed on by wholesalers to retailers."

3.13. (iv) *Margins*—The Central Government have allowed a margin of Rs. 30 per ton for distribution of ammonium sulphate. In some of the States cooperatives are allowed a higher margin. For example, in the States of Madhya Pradesh and Bihar the margin allowed is Rs. 40 per ton, in Uttar Pradesh Rs. 35 per ton and in Orissa Rs. 45 per ton. The share of the primary credit societies in the total margin allowed for distribution varies from State to State. The Fertiliser Distribution Enquiry Committee (1960) had recommended that the total margin allowed for distribution should be so shared between cooperatives at various levels that the share in the commission increases progressively from the apex level to the village level, i.e., the higher level organisations should get a lower commission than the village level cooperatives. That Committee had also suggested that, out of the margin of Rs. 30 per ton of ammonium sulphate, the primary credit societies having retail distribution agencies might get Rs. 11.50 on the following basis:—

Commission	...	...	7.00
Godown Charges	...	...	1.50
Shortage	...	...	1.00
Interest	...	...	2.00

In actual practice, however, the primary credit societies are not given an adequate share. In Surat, the share of a primary credit society in the margin is Rs. 10; in Palghat and Alleppey it is Rs. 7.50; in Ludhiana Rs. 8; in Shahabad Rs. 3.70; in Mandya Rs. 9.00 and in West Godavari Rs. 3.00.

3.14. In relation to margins we would like to urge that although the work of farm supplies undertaken by cooperatives is a service function, it should necessarily be viewed as a business activity and an adequate margin should be allowed to cooperatives to cover various items of expenditure like handling charges, godown charges, interest, shortages and also a reasonable margin for profit to facilitate capital accumulation in societies. We are glad to note that, recognising the inadequacy of the present margins for distribution of fertilisers, the Sivaraman Committee have suggested a substantial increase. The distribution margin suggested by the Committee for Sulphate of Ammonia is Rs. 48 per tonne. Implementation of this recommendation of the Committee at an early date will give further fillip to the programme of distribution of fertilisers by cooperatives.

3.15. (v) *Sales Promotion*—During the visits to various districts, the Working Group noticed that there was some resistance to the use of fertilisers by cultivators as recommended by the extension agency,

particularly in unirrigated areas. In some of the districts, it was observed, as indicated earlier, that the cooperatives were required to insist on the lifting of recommended doses of fertilisers, before a member was allowed the cash portion of the loan sanctioned to him. This resulted in a large number of members not availing themselves of the credit facilities offered by the cooperatives and also a rise in overdues. In view of the decline noticed in off-take of credit in a large number of districts, we consider that instead of exercising compulsion, the media of publicity, propaganda and demonstration should be employed. Though it is the extension agency which has the major responsibility in the matter of education and demonstration, we consider that cooperatives cannot be content with playing a merely passive role in this regard. Both as cooperative institutions and as institutions engaged in the business of distribution a responsibility is cast on them to assist in the task of making the cultivators fertiliser-conscious. Aggressive salesmanship on the part of the cooperatives will not only mean more business and approach to viability but will also help to justify their preferred position as sole distributors of fertilisers in many areas. In this connection, the National Cooperative Development Corporation had, in March 1965 commended a scheme to all the State Governments. The scheme envisages that the State apex marketing societies should take the initiative in planning and executing the programme of sales promotion. The responsibility of the apex marketing societies in this regard is set out as follows:

- (a) To undertake preparation and distribution of sales publicity material like posters, hand-bills, folders, pamphlets, slides, films, placards etc.
- (b) To issue periodically reports of comparative progress achieved by the cooperatives in various districts in the State, in pushing up the sale of agricultural production requisites, particularly the fertilisers.
- (c) To work out guide lines for efficient functioning of sales personnel.
- (d) To arrange for training of the sales personnel of the cooperatives at various levels.
- (e) To work out scheme for bonus and other incentives to the sales personnel of the cooperatives at mandi and village levels.
- (f) To pool and co-ordinate experience and problems of the various districts, review them at periodical meetings and take up matters arising from such reviews with the appropriate authorities at district, inter-district and State levels for requisite relief.
- (g) To arrange for laying demonstration plots for propagating the use of straight and mixed fertilisers on the farms of members of the cooperatives and further arrange for wide dissemination of the results achieved on such demonstration plots in the adjoining areas.
- (h) To promote other measures necessary for enlarging the role of the service cooperatives in this regard.

The scheme also envisages that apex marketing societies should have an agricultural production requisite sales promotion cell comprising of two agronomists, one sales promotion expert and two to three field officers with necessary supporting staff. While endorsing the scheme of the National Cooperative Development Corporation, we would like to emphasise that to begin with this scheme may be initiated in the I.A.D.P. districts in every State. As there is a large number of technical staff at the district level in the I.A.D.P. districts, the apex marketing societies in these districts can, in collaboration with the agricultural specialists at the district level, effectively implement the programme of sales promotion.

3.16. In Madras, fertiliser festivals are organised during the manuring season of the important crops of the area for a period of two weeks to popularise the use of fertilisers. We would recommend that such fairs/melas may be organised by the primary marketing/district marketing societies with the assistance of Agriculture and Cooperative Departments.

## II. SEEDS

3.17. *Multiplication and distribution*—One of the principal technical programmes for increasing agricultural production is multiplication and distribution of improved seed. The actual work of multiplication of seeds is undertaken by State farms, block farms, registered growers, etc. In Ludhiana, cooperative farming societies were also selected as registered growers. The National Development Council, in its resolution on cooperative policy, indicated that the distribution and multiplication of improved varieties of seeds at the village level should be undertaken through cooperatives. Recognising that it would be difficult for cooperatives to take up work relating to multiplication of seeds initially, the Ministry of Community Development and Cooperation (Department of Cooperation) advised the State Governments that, to begin with, cooperatives may associate themselves with the distribution aspect only and later, when some experience is gained, they may undertake the work relating to multiplication of seeds also.

3.18. The work of distribution of seeds is actually undertaken by the following agencies in various districts:—

- (a) Stores and depots of agricultural departments of the State Governments.
- (b) Cooperative Seed Stores.
- (c) Panchayats.
- (d) Blocks/VLWs.
- (e) Registered Growers.

A statement showing the progress made by the cooperatives in the distribution of seeds is given in *Annexure VIII*. The number of cooperatives undertaking this work increased from 804 before the introduction of the I.A.D. Programme to 1729 as on 30-6-1964. The value of seeds distributed increased from Rs. 31.04 lakhs before the introduction of the programme to Rs. 35.30 lakhs as on 30-6-64. The role of cooperatives in this field calls for improvement.

3.19. Cooperatives are associated with this programme in varying degrees, in different districts. In the districts of Alleppey, Palghat, Burdwan, Aligarh, West Godavari and Mandya, Cooperatives are not fully involved in procurement and distribution of improved seeds. In Surat, the Agriculture Department directly distributed paddy, wheat, jowar and groundnut seeds, but, cooperatives are associated with the distribution of cotton seeds. In Sambalpur, improved paddy seeds are distributed directly from the seed farm to the cultivators for multiplication and use in their holdings. The scope for cooperatives to enter this field in this district is therefore limited. In Shahabad, cooperatives distributed 10,800 mds. of seeds in 1960-61 whereas the quantity handled by them during 1964-65 was of the order of 88,760 mds. In West Godavari and Pali, panchayats also undertook distribution of seeds, directly.

3.20. Procurement and distribution of seeds requires proper technical advice and assistance. In Mandi district of Himachal Pradesh, the package authorities have installed seed cleaning equipment. The seeds procured by cooperatives from the registered growers are cleaned, graded and chemically treated by the technical staff of the package project. It was noticed that even individual cultivators brought their seed for cleaning and treatment at the centres established by the package authorities. The availability of technical assistance to cooperatives has given considerable fillip to the programme of procurement and distribution of seeds. During 1963-64, when the cooperatives undertook the programme of procurement and distribution of seeds, they procured 313 mds. of improved seeds but during 1964-65 (upto the end of February, 1965), cooperatives procured nearly 97 tons of improved paddy seed. This is an indication of the growing popularity of the programme of distribution of seeds undertaken by cooperatives.

3.21. As the programme of distribution of seeds is likely to gain substantial momentum, it is important that the arrangements for procuring improved seeds should be placed on an orderly and sound basis. It should not be made the responsibility of the village cooperative to seek out the registered growers or other suppliers and place orders individually. As in the case of fertilisers, it is the marketing society which should obtain these supplies from the Seed Corporation or registered growers direct and make available the required quantities to the primaries on a consignment basis. Secondly, the quality of the seed has to be assured. For this purpose, it will be necessary to improve the arrangements for the seed to be checked by technical staff of the Agricultural Department and also arrange for their supply in sealed polythene bags with a view to maintenance of quality during storage. Thirdly suitable equipment for seed cleaning and treatment may be installed and operated by marketing societies in I.A.D.P. districts. As the margin available to cooperatives in this business is meagre, it will be necessary to provide at least 50 per cent of the cost of such equipment as subsidy and the balance as loan by the Government.

3.22. *Arrangements for procurement*—The cooperatives procure seed from two sources foundation seed from the block farms and certified seed from the registered growers. As far as the foundation seeds are concerned, it is suggested that the seeds should be

supplied to cooperatives on consignment basis. The procedure for procurement of improved seeds from the registered growers, however, varies from district to district. In Ludhiana, the Agriculture department bought the seeds and handed over to cooperatives on consignment basis, for further distribution until 1964. In 1964-65, however, the marketing societies had invested their own funds and procured the seeds. In Mandi District, the Marketing Federation has been appointed as the principal agency for procuring seeds. The Federation has arranged for funds for this purpose from the H. P. State Cooperative Bank. As the marketing societies which undertake procurement of seeds experience difficulty in securing necessary working capital for various items of business, and as the Agricultural Departments have been meeting the cost of this work before handing it over to the cooperatives, the State Governments may consider the question of providing necessary finance to the cooperatives or making suitable arrangements with the financing institutions, by giving them the requisite guarantee to meet the working capital requirements of the marketing societies for this purpose.

3.23. *Margins*—Distribution of improved seeds is only a seasonal business. The seeds have to be purchased at harvest time and stored till the next sowing season. With a view to encouraging organisations like the cooperatives to take up the distribution of improved seeds on a larger scale, the Ministry of Food and Agriculture had decided that, for improved seeds of grain and pulses, certified by the Department of Agriculture as regards quality and purity, a premium up to Rs. 2 per md. would be admissible during the Third Plan period. It needs, however, to be clarified whether this premium is to be passed on in its entirety to the grower or whether it is a margin available to the cooperatives for undertaking distribution. Generally the Agriculture Deptts. fix the purchase price as well as the sale price of seeds by cooperatives and *ad-hoc* commissions varying from Re. 1 to Rs. 5 per quintal are allowed to cooperatives on this business. In Pali, the marketing societies charged 3½ per cent commission and paid out of this income 2 per cent to the service cooperatives which stored and distributed the seeds and recovered the price from their members. If a marketing society stored the seed from say the harvest season to the sowing season, it retained 2 per cent and allowed only 1½ per cent to the service cooperatives. In Mandi district of Himachal Pradesh, the Marketing Federation which has been appointed as the procurement agency is allowed to add to the cost, all the expenses incurred, the actual shortages and interest on the investment for 6 months to be calculated at 6¼ p. a. The village societies are allowed a commission of 50 paise per bag of 20 kgs.

3.24. We would recommend that the present position in regard to the margins available to the cooperatives on the business be examined taking into account all the necessary expenses which they have to incur including interest, shortage, warehousing charges, etc., and where the margins are found to be inadequate they may be suitably raised.

### III. IMPLEMENTS

3.25. The Union Ministry of Community Development and co-operation, in consultation with the Ministry of Food & Agriculture,

suggested to the State Governments the following arrangements for distribution of agricultural implements by cooperatives:

- (a) Implements which the State Governments obtain by manufacture at their own workshops and/or from private manufacturers should be distributed by the manufacturers. The Department of Agriculture should make payment to the manufacturers for the supply of such implements. The marketing societies should be required to deposit the sale proceeds in the Government Treasury from time to time. The marketing societies may deposit security towards stocks, if necessary.
- (b) The marketing societies should be entitled to a commission to meet distribution charges which they will share with primary societies undertaking distribution of such implements at the village level.
- (c) The marketing Cooperatives should make their own arrangements in due course of time for the procurement and distribution of implements now being obtained by Government from private manufacturers.

We endorse the above approach to the distribution of agricultural implements by cooperatives.

3.26. Distribution of implements is generally undertaken by Government agencies. The progress made by cooperatives in the distribution of agricultural implements is given in *Annexure IX*. The number of cooperatives undertaking this work increased from 154 before the introduction of the programme to 589 as on 30-6-1964. The value of implements distributed by cooperatives increased from Rs. 0.38 lakh before the introduction of the Programme to Rs. 16.97 lakhs as on 30-6-1964. It may, however, be observed that, out of the total implements worth about Rs. 16.97 lakhs distributed by cooperatives in all the package districts in 1963-64, Rs. 14.28 lakhs were accounted for by two districts viz. Mandya and Surat. In Mandya, the Ryots Agricultural Produce Marketing Society has been undertaking manufacture of implements. In Ludhiana it was noticed that even the village cooperatives had started keeping tractors' sprayers etc. for being lend out to members. In Raipur district, a new scheme has been formulated under which the Apex Marketing society would procure agricultural implements and place them at the disposal of the primary credit societies for being hired out to their members.

3.27. The basic objective of the implements programme in I.A.D.P. districts is to help the farmers to adopt and use, as a part of the package of practices, improved implements or equipment that will aid in increasing the production. In order to give a fillip to the fabrication of and to popularise the use of improved implements, the package programme provides for setting up a central implements workshop in each district which would undertake the testing of the existing implements with a view to evolving modifications to suit the local conditions and simple devices that can be easily fabricated and serviced by local fabricators and village artisans. These workshops also provide training facilities to the village artisans in the fabrications and repair of improved implements. The Shahabad district, it was noticed that some of the

artisans trained in a workshop had organised themselves into a co-operative for the manufacture of simple farm equipment and for providing better service facilities to the farmers. We suggest that cooperative marketing federations/industrial societies should be encouraged to undertake fabrication of implements in suitable areas. Iron and steel, from out of the agricultural quota, should be made available to these societies on a priority basis.

3.28. As the use of improved implements is an important ingredient of the package of practices, credit facilities should be made available by the primary societies to their members for the purchase of improved agricultural implements. While the cost of the relatively smaller implements can be accommodated within the entitlement for short-term credit, the costlier equipment or machinery will have to be financed through medium-term loans. The subsidies available from the State Governments in respect of implements should also be routed through the cooperatives.

#### IV. PLANT PROTECTION MATERIAL AND EQUIPMENT—PESTICIDES

3.29. *General Progress*—The Ministry of Community Development and Co-operation had suggested the following arrangements regarding distribution of pesticides by cooperatives—

- (a) The Department of Agriculture may continue to procure various pesticides needed within the State from different manufacturers on rate contract basis. Adequate stocks of the type/types suitable for a particular area in a season should, however, be made available to the marketing societies for distribution to individual growers and primary societies. Primary societies should obtain supplies according to their requirements and may handle only less poisonous varieties. The Department of Agriculture should make payment to the manufacturers for the supply of pesticides. Marketing societies should be required to deposit the sale proceeds in the Government Treasury from time to time and may, if necessary, deposit security towards stocks. They should be entitled to a commission to meet distribution charges. This commission will be shared by them with primary societies undertaking distribution at the village level. Subsidies, if any, available to the growers from the Department of Agriculture should be routed through the cooperatives instead of being given directly.
- (b) Cooperatives undertaking distribution of pesticides should not restrict themselves to the distribution of pesticides supplied by the Department of Agriculture only. They should be allowed to procure necessary quantities and types from private manufacturers, in addition to the stocks obtained by them from the Department of Agriculture.
- (c) As marketing cooperatives gain experience in the handling and distribution of pesticides during period of two to three years, the apex Marketing societies should undertake the entire procurement necessary including the procurement done by the Department of Agriculture. The Department of Agriculture should continue to advise them about the quantities and types required in different areas. Where

cooperatives have acquired experience in the handling of pesticides, procurement thereof from the manufacturers direct and their distribution should be entrusted to Apex Marketing Societies and Marketing cooperatives respectively.

3.30. As regards spraying and dusting equipment, the Ministry of Community Development and Cooperation had suggested to the State Governments that the State Departments of Agriculture should procure the equipment and hand over to cooperatives on consignment basis. It should also be possible for cooperatives to procure these equipment directly.

3.31. The progress made by cooperatives in the distribution of pesticides is given in *Annexure X*. The number of cooperatives undertaking this work increased from 568 before the introduction of the Programme to 1228 as on 30th June, 1964. The value of pesticides distributed by cooperatives also increased from Rs. 10.72 lakhs before the introduction of the Programme in the various districts to Rs. 34.66 lakhs during 1963-64.

3.32. Distribution of pesticides is still being done largely by the Agriculture Department. In this connection it was noticed that in many package districts, pesticides sold by the Agriculture Departments carried a subsidy of 25 to 50 per cent but such subsidy was denied in respect of the pesticides distributed by cooperatives. While this is a relatively new line among agricultural supplies and the use of pesticides is yet to become popular in most areas, the business of its distribution will need to be conducted with some care and on the basis of a realistic assessment of likely demand. We, however, urge that the State Governments should encourage cooperative distribution of pesticides and provide them with such subsidy as is made available by them through the Agricultural Departments.

#### V. CONSUMER SERVICES IN RURAL AREAS

3.33. *Need for consumer services*—The importance of organising and developing an efficient consumers service through cooperatives in rural areas lies in that it enables the farmers to secure essential supplies of household needs at fair prices. Such a service would also help in getting them out of the clutches of the money-lender who is often the shopkeeper selling consumer goods at unduly high prices.

3.34. We would like, in this connection, to make a particular mention of the growth of consumer activity in the agricultural cooperative sector in Japan. The multi-purpose societies in that country have organised the distribution of not only the standardised goods or certain essential commodities, but practically any commodity in demand including motor cars. All purchases are centralised in the National Purchasing Federation, which collects indents from the village societies through the prefectural economic federations and places orders with the different firms which supply consumer goods directly to the multipurpose societies. Payment is made by the latter through the economic federations to the National Purchasing Federation. All arrangements for funds are made through the National Cooperative Bank of Japan, which has accounts of the National and prefectural federations. According to the Japanese system, unnecessary accumulation of stocks with the multi-purpose societies is



avoided, since purchases are made on the basis of indents. There is also no blocking up of capital because of the realistic indents prepared by the multi-purpose societies. The staff of multi-purpose societies is adequately trained for warehousing, sale etc. Above all, the entire activity is backed by the loyalty and support of members. In Japan, distribution of consumer goods to the farming community is considered to be an essential feature of the agricultural cooperative movement.

3.35. *Progress*—Even before the inception of the I.A.D.P., certain village societies in each district were distributing consumer goods. The progress made by the cooperatives in I.A.D.P. districts in the distribution of consumer goods is given in *Annexure XI*. The number of primary societies distributing consumer goods increased from 870 during the year preceding the introduction of I.A.D.P. to 2442 on the 30th June, 1964. The value of articles distributed went up from Rs. 95 lakhs to Rs. 319 lakhs during this period. Substantial progress has been made in the districts of Ludhiana, Pali, Palghat, Burdwan, Alleppey, Mandya, Surat and Mandi (H. P.). One of the major factors responsible for this improvement is the positive preference given by State Governments to cooperatives in the matter of allocation of some of the essential goods like foodgrains, sugar etc., which are in short supply. Our visits indicated that the bulk of the business in this field was in respect of controlled commodities.

3.36. *Arrangements for Procurement of supplies*—The consumer goods required by the farming community in India are limited in range. Since quite a few of these comprise essential commodities like sugar, salt, kerosene, cloth, tea, matches, etc., it should not be difficult to make arrangements for their bulk supply but we found that satisfactory arrangements for the regular procurement of supplies did not exist in any of the districts. Some of the marketing societies no doubt, arranged for the bulk supply of certain commodities like sugar and foodgrains, but by and large, they did not procure other consumer goods either from the open market or directly from the manufacturers. This had led the village societies to obtain supplies individually from the local traders, within the district. This method has not helped village societies to sell consumer goods at competitive prices, when compared to the village shopkeeper, who often was in a better bargaining position, because of his longstanding association with wholesale merchants as also with their clients *viz.*, the farmers. According to the scheme circulated by the Ministry of Community Development and Cooperation in January 1963, each marketing society is expected to supply at wholesale prices, the requirements of village societies. A number of districts are covered by the centrally sponsored scheme of urban cooperative stores, which is being progressively expanded. It should be possible for an organisation of this type to undertake the distribution of consumers goods in the rural areas. For this purpose, the village societies will have to be given adequate representation in the management of such an institution. Whether the primary marketing societies or the urban consumers societies undertake this work, it is important that they should reorient their business practices and policies to meet the consumers needs of the farming community.

3.37. For articles obtained by a primary credit society through the marketing society or any other federal agency like the wholesale store, arrangements can be made for supply on consignment basis. As it will not be practicable in all cases for a primary society to obtain its requirements of consumer articles through a marketing society or any other federal agency, it will be necessary for a village society to find funds for direct purchase of consumer articles from the market. We have recommended in Chapter II of the report that primary credit society should make systematic efforts to collect additional share capital and deposits. We would suggest that a part of the additional capital and deposits as also the reserves of the societies should be utilised for consumer business. While selecting primary societies for assistance towards share capital by government, preference should be given to societies undertaking consumer activities so that the share capital contributed by the state government is available for financing the consumer activity. The central cooperative banks should also provide a limited amount of cash credit to village societies within their overall maximum borrowing limits for undertaking consumer activity.

#### VI. FINANCIAL ARRANGEMENTS FOR FARM SUPPLIES AND CONSUMER GOODS

3.38. Marketing societies, it is envisaged, will have to play an increasingly expanding role in the field of farm supplies and consumer services in rural areas. They are expected to play the role of wholesalers for supplying fertilisers, seeds, implements, pesticides, consumer articles etc., to the service cooperatives. We have suggested earlier, wherever possible, Government should procure and supply these goods to the cooperatives on consignment basis. Besides obtaining supplies on consignment basis from Govt., cooperatives would also be required to buy certain goods from the manufacturers direct. Further, as business organisations, it would be appropriate if cooperatives procure the supplies themselves directly instead of depending upon Government. In the long run, cooperatives should however switch over to direct procurement from manufacturers or other agencies. Finally, marketing societies, while supplying these articles to service cooperatives, have to extend credit facilities to them. All these would call for large resources for necessary investment by the marketing societies. Serious attention needs, therefore, to be paid to enabling the marketing societies to muster adequate capital for undertaking these various activities. Arrangements should be made with cooperative banks and other banks for provision of requisite funds to the marketing societies, if necessary, on Government guarantee. The existing share capital base of the marketing societies also would need to be substantially strengthened if they have to undertake the various supply functions effectively. We have suggested in Chapter IV various measures for augmenting the share capital of marketing societies. Even so, Government will be required to contribute substantial amounts towards the share capital of these societies. We suggest that, with a view to enabling the marketing cooperative to build up the requisite share capital base for undertaking the various supply functions in addition to their marketing activities, Government participation in their share capital should be made without insisting upon corresponding matching contribution immediately.

3.39. As indicated earlier, a beginning has been made in the districts like Ludhiana for the provision of common facilities like services of tractors etc. to the cultivators by cooperatives. This is a healthy trend which needs to be strengthened. At present, there is no institutional agency for providing loans to cooperatives for investment on such common services. We strongly recommend development of an institutional agency for this purpose and until this is done, Government should provide necessary funds to the cooperatives for this purpose.

## CHAPTER IV

### MARKETING, PROCESSING AND STORAGE

#### I. COOPERATIVE MARKETING

4.1. *Review of progress*—Package of improved agricultural practices involves additional investments in land by way of increased inputs. Adoption of these improved practices by a cultivator would largely depend on his securing a return high enough not only to cover cost of cultivation but also to provide some additional net income. In this context, the need for development of cooperative marketing to secure to the cultivators a larger share of the consumer price, assumes special significance. Development of cooperative marketing also offers a built-in mechanism within the cooperative structure which would, besides assisting the cultivators in obtaining a good price for their marketable surplus of produce, also facilitate recoveries of expanding quantum of production credit provided by the primary credit societies.

4.2. The expert committee on Assessment and Evaluation, in its first report, had observed: "the main area where cooperation is at its weakest at present is in respect of cooperative marketing. This has all along been, to some extent, a neglected field. .... Although some attempts are being made to improve cooperative marketing in the I.A.D.P. districts according to a phased programme and some progress has been made in the initial years, a lot more still remains to be done to organise marketing as an indispensable adjunct to the production programme. This again is a slow process". At the suggestion of the Conference of the State Ministers of Cooperation held in June, 1964, the Government of India in the Ministry of Community Development and Cooperation have appointed an Expert Committee on Cooperative Marketing under the Chairmanship of Prof. M. L. Dantwala. The terms of reference of the Expert Committee include *inter-alia* a review of the present pattern of cooperative marketing of agricultural produce and the committee is required to indicate the future pattern of development with particular reference to *inter-se* relationship between the organisation at different levels and also the role of cooperative marketing in an integrated structure of credit, supplies and processing and how best this role can be discharged. As this Expert Committee is examining in detail various aspects of the cooperative marketing programme, and as most of the problems likely to be covered by the Committee in its report are as relevant to the I.A.D.P. districts as to the rest of the country, we propose to make in this Chapter only a brief review of the progress made in the I.A.D.P. districts and also the broad approach to the problem of cooperative marketing in intensive agricultural development.

4.3. Details of the progress of cooperative marketing societies in the I.A.D.P. districts before the introduction of the programme and

as on 30.6.64 are given in *Annexure XII* and may be summarised as follows :

	Before the introduction of the programme	As on 30.6.1964
	Rs.	Rs.
(a) No. of societies ..	211	245
(b) Membership ..	1.38 lakhs	1.78 lakhs
(c) Share capital ..	86.33 lakhs	124.18 lakhs
(d) Value of produce handled	325.60 lakhs	826.34 lakhs

The rate of growth of cooperative marketing operations in the districts, particulars of which are given in *Annexure XIII*; works out to 154% for all the districts taken together, as against the rate of only 34% for cooperative marketing during this period in the country as a whole. In other words, the performance of cooperative marketing in the I.A.D.P. districts as a whole compares favourably with that for the other districts of the country.

4.4. Though the achievement in the aggregate is appreciable, the progress has been extremely uneven among the various I.A.D.P. districts. The districts can broadly be divided into three categories, according as whether they have shown (i) a substantial increase in marketing operations, (ii) a limited/marginal increase or (iii) a decline. In the first category are the districts of Thanjavur, Raipur, Mandya, Shahabad, Surat and Sambalpur, while the districts of Aligarh and Burdwan fall under the third category. In the other districts, though there has been some increase, growth has not been really very perceptible. The major factor accounting for decline in the Burdwan District was the fact that the prevailing market prices of paddy were higher than the controlled price for procurement, while in Aligarh district it was the levy of sales-tax which, among other reasons had a similar effect.

4.5. There is considerable need and substantial scope for development of cooperative marketing in all the I.A.D.P. districts. With a view to ensuring that the decline in trend in Aligarh and Burdwan is arrested and reversed, and that the pace of development in the other districts is accelerated, we recommend that each I.A.D.P. district should have a specific programme for development of cooperative marketing of agricultural produce. In so far as the absence of adequate assistance from higher level organisations, particularly the apex marketing societies, has accounted for slow progress, it is necessary that the apex and the district marketing societies should be fully involved in drawing up these district programmes. The programme for each district may lay down targets for handling of agricultural produce by marketing societies in the next three or four years, the extent to which marketing should be linked with credit, the credit societies that should be involved in this programme etc. Within the framework of this general programme, each primary society should be able to draw up its own plan of work. The performance of the various societies should be reviewed from time to time.

4.6. We also suggest that a few societies should be selected for development of cooperative marketing and processing on the basis of optimum support in all the necessary directions so as to throw light on all the relevant factors in the situation and determine the best means of achieving the optimum degree of progress. It will be necessary to provide that, for such societies all the aids needed, e.g. an adequate capital base, sufficient working capital, transport vehicles, storage, processing facilities, trained and well-paid managerial personnel should be provided and suitable steps should be taken to see that these are not inhibited by the prevailing pattern of assistance, etc. We are sure that an intensive effort on these lines in a few selected societies is necessary and worthwhile and will help in drawing up guide lines for future development.

4.7. *Pattern of organisation*—The marketing societies in the I.A.D.P. districts increased from 214 before the introduction of the programme to 245 as on 30-6-64, and cover all the secondary markets in these districts numbering nearly 250, excepting for two in Alleppey and one in Burdwan. There is scope for organising more marketing societies in Sambalpur where 6 regional marketing societies cover nearly 35 secondary markets. In the districts of Raipur and Burdwan, on the other hand, the number of marketing societies exceed the number of important markets and need to be reorganised so that there is only one society per secondary market. To be effective, it is also necessary that the primary marketing society should be located at the market centre. In this connection, it has been noticed that this is not the case with some societies, particularly in Shahabad district. We suggest that in such cases, the possibility of shifting the headquarters of the society to the market centre or at least opening a branch of the society at the principal market centre, should be considered.

4.8. There are State Cooperative Marketing Federations in all the States. There are District Cooperative Marketing Societies/Federations in Aligarh, West Godavari, Ludhiana, Burdwan, Mandi and Thanjavur while in Shahabad, Alleppey, Palghat and Sambalpur, the structure is a two-tier one consisting of primary marketing societies and the State apex-marketing societies. In Burdwan, besides a district marketing society, there is also a regional marketing federation with headquarters at Burdwan. The need for two higher level organisations at the intermediate level is doubtful and may be examined.

4.9. *Membership*—The total membership of primary marketing societies in the I.A.D.P. districts increased from 1.38 lakhs before the introduction of the programme to 1.78 lakhs as on 30th June, 1964. While there has been an increase in such membership in Aligarh, Ludhiana, Raipur, Shahabad, Pali, Thanjavur, West Godavari, Burdwan and Surat, the position in this respect is not satisfactory in the districts of Mandi, Cachar, Sambalpur and Alleppey as may be observed from *Annexure XII*. Even in other districts, there is substantial scope for expanding membership by admitting more individuals and affiliating all credit societies in their areas of operation.

4.10. As for the composition of membership, the marketing societies are more or less purely federal societies composed of primary village societies in some of the districts like Mandi and Sambalpur, while in the six districts of Raipur, Aligarh, Thanjavur, West Godavari, Burdwan and Surat the individual members predominate. The progress of affiliation of credit societies with marketing societies in the I.A.D.P. districts is given in *Annexure XIV*. The percentage of village societies affiliated to marketing societies is of the order of 76% in the I.A.D.P. districts. It varies from 99% in Raipur to 44% in Alleppey. It will be necessary to ensure that all the credit societies are affiliated to the marketing societies in their respective areas as early as possible, so that an organic link is established between the two types of institutions.

4.11. Regarding admission of individual growers as members of primary marketing societies, we notice that as a matter of departmental policy individual membership is not being encouraged in some districts like Mandya, Sambalpur and Alleppey. The by-laws of the primary marketing societies in Alleppey and Palghat lay down that the total number of individual members shall not exceed 10% of the total number of members. In Shahabad, individual members have no right of voting. Not only should such restrictive provisions be removed but positive steps should be taken to expand individual membership as it would help in augmenting the capital base of marketing societies, facilitate expansion of their business, particularly in areas where the cultivators generally cart their own produce to market centres for sale and would make it possible to bring into the management of the marketing societies producers who are directly availing of their services. As a measure to promote individual membership, representation should be given to individual members on the Board of Management of marketing societies though the credit societies may be given a majority of seats.

4.12. *Share capital*—The total share capital of all primary marketing societies increased from Rs. 86 lakhs before the introduction of the programme to Rs. 124 lakhs as on 30-6-1964; but the average share capital per society was low in the districts of Shahabad (Rs. 25,000), Bhandara (Rs. 21,000), Burdwan (Rs. 28,000) and Cachar (Rs. 25,000) and Mandi (Rs. 16,000). There are three sources from which the societies draw their share capital: (a) primary credit societies, (b) individual members and (c) State Government. The share capital from the first source may be increased by admitting all the credit societies as members as recommended by us and also by raising the rate of their investment, the present practice in regard to which differs from district to district. In Raipur, the amount required to be invested by credit societies is 10% of their paid-up share capital while in Bhandara, it is 2% of the loan obtained by the credit society from the central cooperative bank. Similar is the position in Thanjavur district also. In Mandya, 5% of the income from commission on sale of fertilisers is required to be contributed by primary credit societies as additional share capital of the marketing societies. In this connection the Action Programme formulated by the Ministry of Community Development and Cooperation had recommended that the primary credit societies should contribute suitably to the share capital of marketing societies, for example, 2% of their loan turnover, which may

work out to about 10% of the society's share capital (including Government contribution). While the quantum of share capital which a credit society should hold in a marketing society should ultimately be determined by the extent to which the former avails of the services of the latter in different aspects, to begin with, a credit society may be required to invest a certain portion of its own share capital in a primary marketing society, the exact proportion being determined in the light of local conditions.

4.13. Till recently, the pattern of Government assistance to co-operative marketing societies provided that the State Governments would participate in the share capital of a primary marketing society generally on a matching basis with members' contribution, subject to a maximum of Rs. 25,000 per society. In September 1964, this pattern was revised providing for share capital contribution by the State Governments to go up to a total maximum contribution of Rs. 1.00 lakh in respect of societies selected for intensive development of marketing of foodgrains, the additional contribution, however, being made in instalments of Rs. 25,000 each. Considering the various supply functions the marketing societies will need to undertake, it would be necessary, as already indicated in Chapter III, to relax the condition regarding matching contribution.

4.14. In the districts of Ludhiana and West Godavari, it was noticed that, while Government were providing additional share capital assistance to primary marketing societies, the cooperatives were simultaneously being required to retire a part of the share capital contributed earlier by the Government. This anomalous situation needs to be rectified by a suitable modification of the policy in regard to the retirement of Government contribution. In this connection we suggest that the marketing societies which have shown competence in their functioning should be eligible for liberal assistance from Government for expanding their business, if necessary, through relaxation of some of the conditions governing such assistance.

4.15. As regards additional share capital from individual producers, we endorse the recommendations of the Conference of the I.A.D.P. Key Cooperative Personnel convened by the N.C.D.C. in February, 1965 to the effect that (a) the value of the share to be taken up by individuals may be raised where it is very low, (b) that some proportion may be laid down between the volume of average loan taken by an individual producer member and the share capital to be held by him in the marketing/processing society and that (c) wherever, a marketing/processing society has reached a state when it can command the loyalty of the members, the society may resort to compulsory deduction from the sale proceeds due to members, towards additional share capital on their account. Initially, we consider that the individual members should be required to contribute Rs. 5 to Rs. 10. Once their loyalty is assured, their contribution to the share capital should be stepped up, say, to a rate of 1% of their sales every year subject to a suitable maximum.

4.16. *Outright Purchases*—The importance of outright purchases from the point of view of enabling the marketing societies to meet the needs of, and thus win the loyalty, of certain sections of the cultivators has been generally recognised; but, actual practice, certain



problems have been encountered. One of these is the need for support from higher level institutions like the apex marketing societies which is not forthcoming in all districts. The experience in Rampur, where the M.P. Cooperative Apex Marketing Society had agreed to purchase all the paddy collected by primary societies as also 40 per cent of the rice left over with the processing societies after the demand of levy to Government was met, emphasises the need for similar support to be extended elsewhere.

4.17. From the point of view of marketing of foodgrains, a new favourable factor of importance in the situation is the role of the Food Corporation of India which has generally agreed to make the fullest use of cooperatives in this context. The State and district marketing societies should take the necessary initiative in this connection and actively assist the primary marketing societies in the procurement of foodgrains from their members and those of affiliated credit societies. In undertaking these operations, the marketing societies should, in our opinion, act as agents for Government or the Food Corporation. As agents, they will not be affected by any price fluctuations when they buy at a price fixed by Government; it will, further be for the Government or the Corporation to meet the various expenses involved in these operations and provide the funds necessary for making the purchases. It is also important that the cooperatives should not be required to hold the stocks of foodgrains for long periods and that the Food Corporation or the Government should take them over and pay for them without delay, thus reducing the need for credit.

4.18. It was noticed in the West Godavari District that the District Marketing Federation which was procuring paddy had been utilising the services of private commission agents for the purpose instead of pressing into service, primary marketing or primary credit societies. We would strongly urge that such trends should be checked and the higher level organisations should operate only through the primary marketing societies and primary credit societies.

4.19. The practical utility of marketing societies will be determined largely by their ability to obtain for the producer as large a share as possible of the price paid by the consumer. This is possible when, besides having their own facilities for processing of the produce, the marketing societies establish direct contact with consuming centres. A direct link between the cooperative consumers' and cooperative marketing organisations help strengthen both. We observed that in one of the I.A.D.P. districts, a wholesale consumer society from a neighbouring State which purchased foodgrains did not choose to deal with the cooperative marketing societies in the district. This tendency should be arrested and the marketing societies on their part, should also endeavour to develop direct contact with the consumers' societies and offer to sell goods at competitive price.

4.20. In Raipur district, there cooperatives are making outright purchase of substantial quantities of paddy, some difficulty is being encountered because the Madhya Pradesh Agricultural Produce Markets Act which is being extended to the major mandis in the districts requires that transactions of agricultural produce should take place only in the market yards, while the marketing cooperatives especially those having their own rice mills, purchase paddy in

their premises, which may not be actually situated in the market yard. In Surat district, against, a large number of village societies which have organised marketing service for their members, either dispose of the produce after pooling on the spot to purchasers, or, transport the same to places outside the district. So long as members themselves jointly, through their cooperatives market the produce with a view to obtaining a proper price by collective bargaining, they should be free from the obligations to carry the produce to a market established under the Agricultural Produce Markets Act for disposal by auction or otherwise. The State Governments should look into and remove such difficulties which stand in the way of expanding the marketing operations of cooperatives.

4.21. With a view to enabling marketing cooperatives to undertake outright purchases and to meet possible losses arising out of such purchases, a scheme of Government contribution to a Price Fluctuation Fund has been introduced. Government contribution will be @ 2 per cent of the value of outright purchases of agricultural produce made by the societies in the preceding year subject to a ceiling of Rs. 2,000 for each selected primary marketing society, Rs. one lakh for regional/State marketing society and Rs. 2.50 lakhs for the National Cooperative Marketing Federation. This scheme has been introduced in 1964-65 and only about 200 primary marketing societies in the country were selected for implementing the scheme. The State Governments were also advised that, while selecting primary marketing societies preference should be given to cooperatives dealing in foodgrains particularly in the I.A.D.P. districts. As only 200 societies were to be selected during 1964-65 most of the marketing societies in I.A.D.P. districts could not be covered under the scheme. We would recommend that, when the scheme is extended, larger number of societies in the I.A.D.P. districts selected on the basis of their efficiency should be covered under the scheme.

4.22. *Linking of credit with marketing—Annexure XIV* gives information about the amount involved in the linking of credit with marketing which, as we have stated earlier, has a special significance in the context of the Intensive Agricultural District Programme. Though the loans recovered by marketing societies on behalf of the credit societies increased from Rs. 36.27 lakhs at the inception of the programme to Rs. 49.14 lakhs in 1963-64, the progress made is far from adequate if account is taken of the fact that such recoveries formed only 2.5 per cent of the total quantum of finance provided by the primary cooperatives during 1963-64 amounting to Rs. 1992.84 lakhs. Even the linking to the extent it occurred, was accounted for by only 70 marketing societies mainly situated in the districts of Raipur, Aligarh, Mandya and Thanjavur and to a small extent in Ludhiana as against the total of 245 societies functioning in all the I.A.D.P. districts. As the progress in this regard has a bearing on the future expansion of cooperative credit in these districts, substantial improvement over the present position is called for. Efforts should be intensified in all districts to improve the performance in this respect.

4.23. Different methods have been adopted in different districts for linking credit with marketing. In Aligarh, in the past, it was compulsory for a member to sell his produce through a marketing

society in order to qualify for fresh loan. At present, however, only a penal rate of interest is being charged in respect of the loan not repaid through marketing society. In Ludhiana, an incentive is given in the form of a reduction of 1 per cent in the rate of interest to members of credit societies for marketing their produce through marketing societies. In Raipur where the marketing societies recover nearly 15% of the total loans advanced by primary credit societies, a rebate of 20 n.p. per bag of 75 kg. is made available to a member of a primary credit society if he sells the produce through the marketing society and this rebate is increased to 30 n.p. if the credit is also linked to marketing. Further, the primary credit societies in the district allow slightly larger finance to members whose produce is sold cooperatively. In Surat, marketing societies which themselves provide a sizeable part of production credit, also recover it from the sale proceeds. The Action Programme has suggested that a credit society may provide additional credit to a member equal to 5% of the produce sold by the member through the cooperative during the previous year. It would be desirable to fix the quantum of such incentive finance at about 10% of the amount of cooperative credit recovered from a member through cooperative marketing in the previous year. This type of additional incentive finance could be provided in the form of a pre-harvest advance if so warranted by local conditions, on the lines of the advances customarily made by middle men to ensure that the cultivator brings his produce to them for sale.

4.24. With a view to bringing about an effective link between credit and marketing the following steps should be taken:—

- (i) As suggested earlier, every primary agricultural credit society in the area of operation of a marketing society should be required to become a member of the latter.
- (ii) Every member who takes a loan from a credit society should be made to sign an agreement which should commit him to sell all his produce through the marketing society and authorise the society to appropriate the sale proceeds towards the repayment of his production credit.
- (iii) The credit society should, at the commencement of the marketing season, send a list of its indebted members to the marketing society.
- (iv) The management of the credit society should ensure through close supervision that its members take their produce to the marketing society for sale or hand it over to the credit society for the purpose where the latter can arrange for its transportation.
- (v) When the individual member of a credit society brings his produce to the marketing society, the latter may either arrange to sell it, or purchase it outright or make an advance on the pledge of produce. In any case, the marketing society should be able to recover the dues owed by the members to the credit societies irrespective of whether the due date for the production loan has arrived or not.
- (vi) It may not be practicable to insist that no part of the sale proceeds will be passed on to the cultivator until full recovery has been made of the production credit granted ear-

lier. As a measure of flexibility, therefore, the cooperative marketing societies might ordinarily set aside a suitable portion of the sale proceeds on each occasion, towards repayment of the amounts due to the primary credit societies. A larger proportion of the sale proceeds may, however, be so applied if the cultivator is willing.

4.25. *Pledge loans*—The quantum of pledge loans given by cooperatives, it may be observed, from *Annexure XIV* is substantial only in West Godavari, Thanjavur and Mandya districts. In Surat, though the quantum of pledge loans given during 1963-64 has been indicated as Rs. 240 lakhs, this actually represents advance price paid by marketing societies to cultivators which was to be ultimately adjusted against the pool price. The need for developing pledge loan business arises from to main considerations. Firstly, provision of pledge loans constitutes a service function to enable producers to hold the produce for a better market wherever necessary and also to help them to improve their liquidity position. Secondly, as cooperatives are to provide pledge loans only on condition that such produce is sold through them, this should facilitate development of cooperative marketing.

4.26. *Marketing finance*—Provision of adequate marketing finance is of crucial importance in the development of marketing operations of cooperatives. A marketing society requires pledge/hypothecation credit as well as clean accommodation. In Raipur, on the recommendation of the Assistant Registrar, a marketing society is eligible for clean accommodation from the central bank to the extent of twice its owned funds and, in addition, it is eligible for pledge/hypothecation credit. In Thanjavur, the central bank allows clean accommodation to a marketing society up to three times its own funds while pledge/hypothecation accommodation is given up to 30 times its paid up share capital. In Ludhiana clean accommodation is allowed up to Rs. 50,000. The Reserve Bank of India has recently reviewed the policy and procedure for financing of cooperatives marketing/processing/consumer societies by cooperative banks and issued general instructions laying down the broad principles that should govern financing of these societies by the central cooperative banks. The R.B.I. has laid down as a general policy that, when a central bank decides to finance a society on a clean accommodation basis, a separate line of hypothecation or pledge credit should not be made available. It would be permissible, however, for a central bank to sanction to clean limit equal to the own funds of a borrowing institution with option to switch over to a suitably fixed pledge and/or hypothecation limit in case the borrowing society wants to avail itself of more credit than is available under the clean limit. The Reserve Bank has also permitted certain temporary relaxations from the general policy subject *inter-alia* to the following conditions:

- (a) the extent of clean limit should not exceed the own funds of the borrowing society.
- (b) It would be permissible for a cooperative bank to extend such clean limits along-side of a pledge/hypothecation limit provided it is ensured that pledge and/or hypothecation

limits are not allowed to exceed three times/1½ times respectively of the disposable part of the own funds of the borrowing institutions. The clean limit should not, however, be utilised for providing margins against the pledge and/or hypothecation draws.

- (c) The share capital of the borrowing institutions is increased by appropriate measures so as to obviate the need for clean limit in addition to pledge/hypothecation limits.
- (d) In order to be eligible for these relaxations it is imperative that marketing societies effect recoveries of loans on behalf of the primary credit societies from the sale proceeds of the crops of the borrowing members.
- (e) If a clean limit exceeding the own funds is sanctioned side by side with other types of limits, this may be done provided the clean limit does not exceed twice the owned funds of the borrowing institutions and provided further that the entire limit is guaranteed by the Government.

4.27. We have carefully considered the policy laid down by the Reserve Bank. Considering that cooperative marketing is still in the initial stages of development and that there is an urgent need to substantially expand and strengthen the cooperative marketing structure, "the majority of us are" of the view that the conditions imposed by the Reserve Bank regarding provision of marketing finance will restrict the promotional efforts at raising the tempo of cooperative marketing operations. We would, therefore, suggest that the Reserve Bank may review its policy with a view to ensuring a smooth flow of finance to meet the requirements of the expanding programme of cooperative marketing.

4.28. We would also like to refer in this connection to the role of the State Bank of India in promoting cooperative marketing. Considering that the main objective of the marketing cooperatives is to benefit the cultivators and also to hold the price line, it is only appropriate that the State Bank should increasingly undertake to finance cooperative marketing.

4.29. *Managerial personnel and supervision*—As the manager of a marketing society has to play a key role in collection, pooling and sale of agricultural produce, it is necessary that he should have a permanent stake in the society. He should be properly trained for his job and should be capable of taking appropriate decisions. During our visits, however, we found that the managers of marketing societies, by and large, lacked business acumen and managerial efficiency. A large number of them had no proper training and were borne on the cadre of the cooperative departments, though temporarily deputed to the societies, as shown below:

(As on 30-6-64)

District	No. of marketing societies	No. of departmental managers
Aligarh .. ..	7	7
Shahabad .. ..	30	30
Thanjavur .. ..	17	17
West Godavari .. ..	11	7
Mandi .. ..	10	5

While the practice of taking on deputation departmental officials to work as managers should be acceptable in the initial stages as a temporary measure, we are averse to this arrangement becoming a continuous or permanent one. As building up of a suitable cadre of managers in primary marketing societies is vital to the success of the programme of marketing, we are of the view that, as far as possible, managers should be recruited locally. Excepting for some of the backward districts like Sambalpur and Pali, it should be possible elsewhere to find capable educated young men to be appointed as managers. A major difficulty encountered in this regard is that the marketing societies are not able to attract proper persons from the district as they do not offer suitable scales of pay and proper service conditions.

4.30. One way in which proper managerial personnel can be built up is to encourage the state cooperative marketing societies to create and administer a cadre of persons recruited and trained to serve as the managers of primary marketing societies. Though some steps in that direction are already being taken by the apex marketing societies in Punjab and Madhya Pradesh, the main drawback of such arrangements are the possibility of such staff being not responsive to local non-officials and the likely reluctance of the marketing organisations to accept managers from the common cadre. As an immediate and temporary measure, the State level institutions could certainly help a great deal by themselves employing a number of trained men whose services could be provided on deputation to the affiliated marketing societies. The best course ultimately when the primary structure emerges as a dynamic, viable and self-reliant organisation would, however, be for individual marketing societies to recruit their own men and train them up. To this end, every marketing society should offer attractive service conditions and show recognition of efforts of their staff which help to augment business.

4.31. The proper training of managers of marketing societies in the methods of business management is a matter which requires serious thought. Apart from the theoretical training which is being imparted in the short duration courses for such staff at the regional training centres, it is necessary that every manager should be adequately trained in organising and managing the business expected of a marketing society. For this purpose, the managers will have to be given some basic course in business management for which no arrangement exists in the cooperative sector. We understand that the Government of India are considering the question of setting up a central institute of management for the training of cooperative personnel in the entire country. We hope that, with the setting up of this institute, satisfactory arrangements for training the managers of marketing societies will be evolved. Meanwhile full use may be made of the facilities provided at the various training centres managed by the Committee for Cooperative Training.

4.32. Periodical refresher courses for short durations of a week or a fortnight should also be organised for managers of marketing societies on a regional basis. In such courses, planning, budgeting, review of progress and performance, effect of price policies of Government, etc., should be discussed and the managers equipped to perform

a better job in future. Courses on these lines organised by Deputy/ Assistant Registrars in I.A.D.P. districts, with the help of the apex marketing societies are necessary because most of the managers of marketing societies in the I.A.D.P. districts 'visited by the Working Group' had no idea of programme, planning, budgeting etc.

4.33. In Chapter VI we have discussed the need for providing Assistant Registrars of Marketing and marketing inspectors in districts where such staff has not been given as part of the additional I.A.D.P. staff. Apart from exercising supervision to improve the operational efficiency of marketing societies, this staff should also provide general guidance to the societies for developing business operations. The N.C.D.C. had suggested that every apex cooperative marketing society should establish a promotional and assessment cell which, when developed, should actively assist in developing a programme of cooperative marketing in I.A.D.P. districts and to make satisfactory arrangements for the evaluation of the programme.

## II. PROCESSING

4.34. A statement showing the progress of cooperative processing in the I.A.D.P. districts is given in *Annexure XV*. The number of cooperative processing units established by marketing societies and by independent processing societies increased from 38 before the introduction of the programme to 53 as on 30-6-1964. The value of produce (excluding sugarcane) processed by the cooperatives also increased from Rs. 57.94 lakhs before the introduction of the programme to Rs. 166.28 lakhs during 1963-64. No marketing society of independent processing society has so far established any cooperative processing unit in the districts of Shahabad, Pali, Ludhiana, Aligarh, Cachar, Mandi and Delhi. In Mandi, a credit society has installed a small paddy hulling unit. It is reported that, in Aligarh, three processing units are proposed to be set up two for *dal* processing and one for rice milling. In Ludhiana, a groundnut solvent extraction plant with a capacity of 25 tons is being organised. Out of 53 processing units installed in the I.A.D.P. districts up to 30-6-1964, 41 units are accounted for by the 4 districts of Surat, Raipur, Mandya and Bhandara. As the provision of processing service gives a great fillip to cooperative marketing, we urge that each of the districts should formulate and actively implement, in the light of local conditions, a suitable programme of development in this important field.

4.35. Imported machinery has been allotted to cooperatives in Raipur, Burdwan, Mandya, Thanjavur and West Godavari for installing modern rice mills. (4-ton mills for Thanjavur and West Godavari, two-ton mills for Raipur and Burdwan and one ton mill for Mandya). The mills at Thanjavur and Mandya have gone into production. There has been some delay in the acquisition of necessary sites for these mills in the districts of West Godavari and Burdwan. All these units are expected to go into production shortly.

4.36. *Business methods*—In West Godavari, the District Marketing Federation has taken private rice mills on lease and is buying paddy in the open market through commission agents for utilising the milling capacity to the full. This is an unhealthy trend which needs

to be checked immediately. On the one hand, in the existing marketing conditions it will not be possible for a cooperative to undertake marketing of paddy unless the cooperative has its own facility for milling, on the other, cooperative processing units for this and other commodities cannot be successful unless their establishment is preceded by an intensive programme for development of marketing and its linking with credit so that the installed capacity might be utilised fully. Such planning is particularly necessary in respect of the modern 4-ton rice mills being installed in West Godavari and Thanjavur Districts, each with a capital outlay of about Rs. 25 lakhs and handling capacity of about 29,000 tons of paddy a year, as the economics of such units may go away unless arrangements for procurement of sufficient paddy from members of cooperatives are made well in advance.

4.37. Satisfactory arrangements for provision of adequate working capital for the modern rice mills is of crucial importance. The mills have to procure their requirements of paddy within a short time after harvest. The existing capital structure of the societies will not permit them to obtain their full requirement of working capital from the banks if the conditions referred to in para 4.26 are to be satisfied. Certain measures would be necessary to enable the cooperatives to muster adequate working capital viz. (a) Government may contribute additional share capital without insisting on any matching contribution. (b) The Government or the Food Corporation may provide adequate funds to cooperatives when they act as their agents for procurement. We would also suggest that, in future provision should be made in the block-capital for a part of the working capital requirements as well.

4.38. *Training of Personnel*—During its visits to various districts, the Working Group noticed that several processing units did not have trained personnel to manage their day-to-day operations. As there is to be an increase in cooperative processing activity in the coming years, we would suggest that the apex marketing societies, in consultation with the State Cooperative Unions, draw up a programme for training the managers of these cooperative processing units.

### III. GODOWNS

4.39. *Progress*—A statement showing the progress made in the construction of godowns by cooperatives is given in *Annexure XVI*. The total number of godowns constructed by cooperatives increased from 363 before the introduction of the programme to 1470 as on 30-6-1964. The storage capacity of godowns constructed by cooperatives also increased from 52610 tons before the commencement of the programme to 164560 tons as on 30-6-1964. The following measures were taken to increase the storage capacity and to accelerate the pace of progress of construction of godowns by cooperatives.

- (a) Special allocation of G.C. Sheets was arranged by the Central Government in the I.A.D.P. districts for this purpose.
- (b) The State Governments were advised to make available the services of block overseers to cooperatives for technical advice in this regard.



- (c) Under the crash programme for which additional funds are to be made available during 1964-65 and 1965-66 over and above the State Plan ceilings, the State Governments were advised to take up an additional programme of construction of godowns.

A statement indicating the Government assistance given for construction of godowns and the number of godowns actually constructed is given in Annexure XVII. There is a fairly heavy back log in the construction of godowns in the districts of Aligarh, Pali, Raipur, West Godavari, Mandya, Cachar and Surat. Steps should be taken to ensure the completion of the programme according to schedule.

4.40. *Economics of godowns*—The economic aspect of utilisation of godowns, particularly the rural godowns, has not received adequate attention. In the district of West Godavari, it was observed that some of the credit societies which were sanctioned godowns under the crash programme were not dealing in any of the farm supplies. The economic aspect of the godowns should receive serious consideration. We would recommend that the State Cooperative Departments undertake a detailed survey in each district to consider the economics of the existing godowns and take effective steps to make them viable units.

4.41. According to the existing pattern of assistance, a primary society is eligible for a total assistance not exceeding Rs. 12,500 for the construction of a rural godown of 100 tons capacity. To avail of the maximum assistance, all rural godowns are being designed for 100 tons capacity. As many of the societies are unable to utilise the full capacity of 100 tons, we would recommend that the possibility of constructing godowns of 40 to 50 tons capacity be considered instead of uniformly allotting 100-ton godowns to all the societies.

4.42. During its visits to various primary societies, the Working Group noted that the stocking of material in the rural godowns was far from satisfactory. We suggest that the managerial personnel/godown keepers of cooperatives be given a short training at the block/district level. The district/apex marketing societies should arrange for this training in consultation with the technical officers in the projects.

## CHAPTER V

### ANIMAL HUSBANDRY AND FISHERY COOPERATIVES

5.1. One of the additional terms of reference given to the Working Group was to formulate an action programme for launching, in the cooperative sector, intensive area development projects in regard to animal husbandry, dairy and fisheries in selected I.A.D.P. districts viz. (i) Thanjavur, (ii) West Godavari, (iii) Ludhiana, (iv) Raipur (v) Surat, (vi) Mandya and (vii) Burdwan. We have carefully considered the scope of this term of reference. As a specific programme indicating the physical targets, financial outlay, location of units etc. has to be based on a careful survey of the potentialities, resources etc. and the latter is a task which can only be attempted at the project level by the officers of the State Governments in collaboration with the local non-officials, we have not attempted to draw up a specific Action Programme but only to set out the general considerations which should form the basis for the formulation of such programmes for individual districts.

5.2. *Approach to the programme*—Animal husbandry and dairying form an integral part of a sound system of diversified agriculture in which crop production and animal husbandry are to be dovetailed for efficient and economic utilisation of land, labour and capital. Development of these activities would make possible fuller utilisation of farm by-products, maintenance of soil fertility, fuller employment for agriculturists throughout the year and an increase in rural incomes, particularly those of the weaker sections of the population who generally undertake these activities. Still, as the emphasis in the Intensive Agricultural District Programme was mainly laid on increased agricultural production, special staff and funds were made available only for this purpose and not for the development of animal husbandry activities. However, following the recommendation of the meeting of State Agricultural Secretaries held in May 1961 that animal husbandry, poultry, fisheries and other allied programmes should also form an integral part of the I.A.D.P. the Union Ministry of Food and Agriculture advised the State Govts. to formulate specific proposals for developing these activities in the package districts and suggested the following guidelines for the purpose:—

- (i) Projects which would contribute immediately towards increasing the income of the cultivators such as poultry schemes should be taken up for implementation on a priority basis.
- (ii) Attempts may be made to concentrate the programme in selected areas instead of spreading them over the whole district.
- (iii) Since the funds made available under I.A.D.P. did not provide for these items, some of the existing schemes for these activities may be intensified or some of the new schemes under the Third Plan may be located in the Package districts which usually have a more intensive organisational set up and other facilities.

5.3. *Animal Husbandry programmes in I.A.D.P. Districts*—In pursuance of these suggestions, the State Governments have initiated various programmes, as briefly indicated below.

(i) *Raipur*—The Government of Madhya Pradesh sanctioned in 1962-63 schemes for fodder development, development of dairy cattle, production of poultry and eggs and fish production, which envisaged an outlay of Rs. 14.4 lakhs during the Third Plan period. They provide for (a) subsidy for fencing and development of land; (b) taccavi loans for purchase of cows; (c) loans to poultry farmers; (d) loans and subsidies to fishermen cooperatives for supply of equipment and (e) employment of a District Livestock Officer and an Assistant Fishery Officer.

(ii) *West Godavari*—A provision of Rs. 2 lakhs was made during 1964-65 for implementation of animal husbandry and fishery schemes.

(iii) *Surat*—The key village scheme was extended in 1963-64 to cover a total of 6 blocks. The measures taken included (a) distribution of improved variety of grass to 105 cultivators during 1963-64, (b) distribution of 60 chicks and 12 dozen hatching eggs among the Adivasis; (c) supply of 1800 chicks at subsidised rates; and (d) grant of loans to poultry breeders.

(iv) *Thanjavur*—The following schemes have been initiated in this district; (a) expansion of one livestock farm; (b) opening of 4 veterinary dispensaries; and (c) starting of 3 poultry extension centres. Other measures being implemented under the general schemes include provision of subsidies for purchase of incubators and improvement of poultry houses, supply of chicks at concessional rates, distribution of cookers at concessional rates and on exchange basis etc.

(v) *Burdwan*—The district has five artificial insemination centres with 28 sub-centres as also one poultry extension centre. The activities undertaken included the distribution of chicks, birds and roosters for upgrading village poultry.

(vi) *Mandya*—The major project in this district is the development of bannur sheep. A central poultry farm has also been established.

(vii) *Ludhiana*—Poultry development has made significant progress in this district under the technical guidance of Dr. Paul C. Clayton, the American Consultant. Fifty-five poultry units were set up, each unit being given financial assistance varying from Rs. 1,000 to Rs. 4,000 in the form of chicks, feed and other poultry equipment. The entire financial aid which was advanced as loan was recovered from farmers, from out of the sale proceeds of eggs and birds through two cooperative societies at Anandpur and Jodnewal of which the units were members. Another interesting development in this district is the import of alpine goats and their distribution among progressive farmers for improving milk production, on an experimental basis.

5.4. *Guide lines of future policy recommended*—Future policy should, in the first instance, help to ensure that persons who are already engaged in animal husbandry activity in the IADP districts are assisted with credit and other services, to the extent possible, so

as to be able to carry on their business, on an orderly and remunerative basis, even at the existing levels of technology. Credit, for instance, will be a common need and efforts should be made to see that this facility is provided, wherever possible, by the agricultural credit societies. Government can also help by providing credit and supplies of feed etc., through its own machinery in the rural areas. Though action on these lines is desirable and effective within limits, no significant development is possible in this sector, as in agriculture, unless there is an intensive programme representing a comprehensive package of services such as extension, credit, marketing, processing and storage. The limitations of resources, supplies, personnel etc., however, make it necessary that, to begin with, such a programme should be restricted to areas selected from the point of view of suitability for the purpose and developed, on a phased basis, gradually to cover wider areas. It is, therefore, necessary to determine the areas in the IADP districts which show potentialities for organising one or more of these activities.

5.5. The key factor in the formulation of an intensive programme of this kind and hence in selecting the area where it should be located is, in our view, the possibility of large quantities of the products being sold as a result of large demand or improved organisation of marketing. Though the natural conditions in the areas are undoubtedly relevant, it is around prospects of an assured and expanding sale that such package programmes should be built up. Effective stimulus of this kind for development may come from a Milk Plan to serve the requirements of the population of one or more cities or of the demand of a large and expanding establishment like that of a camp of army personnel or improved arrangements for marketing *e.g.*, through an egg corporation or other sales organisation designed to promote sales and spread supply to meet demand throughout the year or special arrangements for refrigeration, processing (*e.g.* manufacture of milk powder) which can ensure that there will be no difficulty in the disposal of an expanded supply of the particular product of animal husbandry.

5.6. If a project is thus developed on a firm and expanding basis with prospects of improved and increased sale of products, the required effort will consist of a package of measures and aids designed to stimulate larger production, better quality of the product, and, as associate with these, the necessary investment of capital in the concerned business. As part of this programme not only should the persons who are already carrying on these activities in a traditional way be persuaded and helped to adopt improved practices in the matter of stock, feed, avoidance of disease and so on but an effort should be made to attract new entrants to these lines. Apart from a general advocacy and popularization of such superior technology through the extension machinery, what is necessary for the purpose is that a detailed and comprehensive plan should be drawn up for each individual participant of the programme, which should cover not merely current production methods and outlays relating to the business but also its investment aspects which are likely to be closely allied to, and necessary for, the implementation of the short-term production schedule. It is as part of this plan that arrangements will need to be made for the provision of those facilities and services which are necessary for the recommended

investment, inputs, and practices to materialise. The range of requirements for the development of such activity—which will naturally be more significant than when the activities are conducted on a traditional basis—would include facilities for credit (short-term, medium term and long term), supplies and marketing, as also technical advice and services such as those concerned with animal health and medicine.

5.7. While it is obvious that the infra-structure of services like an organisation for veterinary facilities, artificial insemination centres, etc., will have necessarily to be provided by Government, it is in respect of credit, supplies and marketing that the cooperative agency should be able to play a significant part depending on the local circumstances, the capacity of existing cooperative organisations to meet such needs and the possibility of organising new ones for the purpose. Prospects of such cooperative effort may not be very large, in the absence of a special project on the above lines. So far as short-term credit is concerned, individuals engaged in such activities can obtain the required facilities from the local village society if it is in a working condition and the quantum of need is not large. It may be noted, in this connection, that short-term accommodation is available to these societies from the Reserve Bank for financing the purchase of milch cattle. Where the primary is not, for one reason or the other, in a position to provide this facility it will be for Government to make available loans or even grants, as has been done in some cases, to these individuals for such purposes. In the matter of supplies, again, it is not likely that the village credit society in many cases, will be in a position to undertake the provision of requisities like cattle feed, chicken-feed, eggs, and so on, unless the number of cultivators who are interested in this type of service among the membership is fairly large and it is for some reason, competent to undertake a somewhat specialised business of this nature. In view of this type of special service which is required, the appropriate type of cooperative organisation which individuals engaged in such activities should, sooner or later, organise for themselves is, strictly speaking, a functional cooperative which may provide the common facilities required *viz.*, supply of production requisites under proper technical supervision, help in the marketing of the products, etc. Such a cooperative can, however, be organised only if there is a sufficient concentration of persons seeking such service within a compact area to which it will have to restrict its operation, and the likely volume of business will be sufficient to ensure its viability. It is when the development of the activity receives a special impetus from an important market or source of demand and a project is built up on this basis that there will not only be a wide scope but an urgent need for the organisation of such functional cooperatives, federated suitably into a union of their own, through which the various aids can be provided, requisites such as feed, credit etc. can be supplied, production on the scale required to meet the assured and growing demand can be assured and the products can be collected, processed (where necessary) and marketed.

5.8. A project of this nature will create a larger demand not only for short-term credit for financing inputs but also for term credit to finance the investment that in such business becomes, worthwhile

and necessary. Though the latter may have to come from Government in some cases initially, we strongly recommend that every effort should be made to take advantage of the facilities which are available from the Agricultural Refinance Corporation for such purposes where such investment is called for, as a part of a project which is formulated by the Government agencies and underwritten by them in regard to technical supervision and off-take of the product. Prospects of such support from the Agricultural Refinance Corporation which could be channelled either through the Apex/Central Cooperative Bank if the need is for medium-term credit or the State Bank of India or one of its subsidiaries if the credit need is of more than 5 years' duration, would be specially bright where the would-be participants of the project are organised in a functional cooperative.

5.9. Thus, as cooperative organisations for certain common purposes develop, the need for credit and other facilities will consist not only of the requirements of the individuals for activities undertaken on their own but also those of the functional cooperatives. So far as credit is concerned, these societies may need long-term funds for investment in plants, coolers, poultry houses, etc. for which already under a prevailing pattern of assistance, help is being provided by Government in the form of subsidy, contribution to share capital and block capital loan. So far as working capital for their supply, marketing and processing activities is concerned, it should be possible to obtain the necessary accommodation in many cases from the central cooperative banks, though some banks might ask for a Government guarantee for the purpose, considering the nature of the business being undertaken and the risks associated with it. In still other cases, where the cooperative banks are not equal to the responsibility of financing activities other than agricultural credit, it may be necessary for Government itself to provide even the working capital required by such societies as an interim measure.

5.10. We do not propose to make specific and detailed recommendations in regard to each district or each type of animal husbandry activity as that requires a more comprehensive knowledge of the position and possibilities in different areas than we have been able to gather. However, we recommend that the general approach towards promotional effort in this sector as set out in the foregoing paragraphs in its major aspects may be borne in mind in formulating and implementing programmes of intensive development of animal husbandry in these areas. We further suggest that in view of the significant part which the cooperatives have to play in the entire programme as envisaged by us, and the possibility that the responsibility of the concerned cooperatives as well as the cooperative banks will increase as the programme develops, the representatives of cooperative interests including the cooperative banks should be intimately associated with the formulation and execution of the programme even from the earliest stages and that such association should be continued and extended as the programme and its cooperative content grows. We shall now make a few observations on the current position of cooperatives in different sectors of animal husbandry activity on the basis of the data made available to us.

5.11. The following table gives information about dairy cooperatives in 7 districts:—

(Rs. in Lakhs)						
Serial No.	District	No. of societies	Membership	Share capital	Value of milk sold	Value of milk products sold
1	2	3	4	5	6	7
1	Ludhiana .. ..	27	464	0.54	0.64	..
2	Raipur .. ..	3	164	0.10	0.37	..
3	West Godavari—					
	(i) Primary milk supply societies .. ..	31	2,960	0.63	0.02	..
	(ii) Milk supply unions .. ..	1	76	0.05	..	..
4	Thanjavur—					
	(i) Primary societies .. ..	186	17,617	2.90	15.84	0.52
	(ii) Unions .. ..	2	106	0.25	9.21	0.11
5	Burdwan—					
	(i) Primary societies .. ..	4	239	0.001	..	..
	(ii) Unions .. ..	1	39	0.01	..	..
6	Mandya .. ..	(figures as on 31-1-65)				
	(i) Primary societies .. ..	9	844	0.16	N.A.	N.A.
7	Surat—					
	(i) Primary societies .. ..	12	6,337	1.81	48.95	3.96
	(ii) Milk supply unions .. ..	1	2,025	1.63	25.43	5.17
	Total .. ..	277	30,871	8.09	100.36	9.76

There are 272 primary dairy cooperatives in these 7 districts. There is one milk supply union in each of the districts of West Godavari, Burdwan and Surat and two in Thanjavur. The total value of milk and milk products handled by these societies was about Rs. 110 lakhs during 1963-64. Excepting in Surat and Thanjavur, the value of milk handled by cooperatives in other districts was very meagre.

5.12. One of the main weaknesses of the dairy cooperatives in these districts is that the membership is small and share capital structure extremely weak. The average membership of a cooperative in Ludhiana is less than 20. The average share capital of a primary dairy cooperative in Ludhiana, West Godavari, Burdwan and Mandya is hardly Rs. 2,000. In Raipur, the average share capital is only about Rs. 3,000. In this connection the working group on Dairy and Animal Husbandry Cooperatives appointed by the Union Ministry of Food and Agriculture recommended that, ordinarily, the working of milk collection and financing of members should be entrusted to village service cooperatives and that independent primary societies should be organised only when there is no effective village service cooperative in the area or where there is a concentration of rural milk producers, subject to the condition that such societies will be economically viable. These service cooperatives and primary village societies should be federated into a union which should undertake processing and marketing of milk. We agree with this approach which seeks to link milk production in rural areas with marketing of surplus milk in urban areas.

5.13. According to the existing pattern of State assistance to dairy cooperatives, the block cost of establishing chilling stations, dairies, creameries, etc. are to be met as follows:—

- (a) 25 per cent of the capital cost as grant from government;
- (b) 12½ per cent of the capital cost as share capital contribution by the government; and
- (c) 62½ per cent of the capital cost as long term loan from the government.

5.14. The Working Group on Dairying and Animal Husbandry Cooperatives had recommended that the cost in respect of milk processing plants with capacity up to 5,000 litres per day should be met by way of subsidy to the extent of 50 per cent from the Government. As most of the milk processing units that are likely to come up in the IADP districts will not normally exceed 5,000 litres capacity per day, we recommend that an early decision on the pattern of assistance recommended by the Working Group on Dairying and Animal Husbandry be taken and communicated to the State Governments. As suggested by the Working Group, Government assistance should, be subject to the condition that the cooperative collects share capital from its members to the extent of a minimum of 12½ per cent of the estimated block expenditure before any part of Government assistance is released and that this should be increased to 10 per cent within a period of 5 years after the plant goes into production. Capital accumulation in the cooperatives should be brought about by compulsory deductions from milk price payable to members towards their share capital/deposit account.

5.15. According to the existing pattern of assistance, a primary milk supply society or a village society undertaking collection of milk is eligible for a subsidy of Rs. 2,000 for equipment, for centralised milking, milk testing etc. But in practice, this assistance is hardly being given to the cooperatives. We recommend that societies which are selected for undertaking these activities in IADP districts should be given the subsidy. Non-availability of adequate working capital is a major bottleneck for cooperatives. The central cooperative banks are not coming forward to assist these cooperatives. Recognising the difficulties of the cooperatives in obtaining the requisite working capital, the Working Group on Dairying and Animal Husbandry recommended that the Government should contribute to the share capital of milk supply unions to the extent of 12½ per cent of the estimated block cost. An early decision should be taken to incorporate this recommendation on the pattern of assistance for dairy cooperatives.

5.16. Excepting in Surat and Thanjavur, the central cooperative banks in other districts are not giving loans to dairy cooperatives for being lent to members for purchase of milch animals. It was noticed in the case of Ludhiana, and West Godavari that Government loans for milch animals are being given for a period of 10 months only. We recommend that loans for milch animals should be given at least for the duration of 2 lactation periods as it would not be possible for a member to repay the loan within a period of 10 months or one year.



5.17. There is considerable scope for development of dairy co-operatives in Ludhiana, Burdwan, West Godavari, Mandya and Surat. There was a proposal to have a composite dairy plant at Ludhiana with UNICEF assistance. It is understood that this scheme envisaged the establishment of farm coolers of 2,000 litres each at 18 centres. The possibility of organising separate milk supply societies, or entrusting milk collection to primary credit societies at these centres needs to be explored. These units may be federated into a union at Ludhiana. In Burdwan district the Kalna-Katwa tract is a traditionally good milk producing area. This area is in the midst of an industrial belt and offers excellent scope for the development of dairy activity on cooperative basis. As regards West Godavari, a big milk project in the public sector is coming up in the neighbouring district of Krishna. The possibility of including the milk producing centres in West Godavari in the milk shed of the proposed public sector venture needs to be considered. There are a number of milk pockets in Mandya district which are exporting substantial quantities of butter to the cities of Bangalore and Mysore. There are possibilities of organising small rural creameries in these districts on cooperative basis.

5.18. As effective arrangements for supplying cattle feed is an indispensable part of a dairy scheme, dairy cooperatives or wherever necessary, cooperative marketing societies should undertake this work.

5.19. A survey should be conducted in each of these districts to locate pockets where milk production is concentrated. On the basis of this survey a specific programme should be drawn up to link the select production centres with the urban consuming centres. In these districts there are a number of towns with population over 10,000 which are not at present served by dairy cooperatives. The possibility of organising dairy cooperatives in these urban centres and also installation of processing plants for milk should be considered. In areas like Kalna-Katwa in Burdwan and Mandya there is considerable scope for the establishment of rural creameries also on cooperative basis. In the areas selected for cooperative dairy development, the programme of cattle development as well as feed and fodder development should be intensified.

5.20. *Poultry cooperatives*—There are 16 poultry cooperatives in Ludhiana and 2 in Raipur and one in Surat. The poultry cooperatives in Ludhiana had a membership of 316 and share capital of Rs. 0.29 lakhs and they handled poultry products of the value of Rs. 3.30 lakhs in 1963-64. The two poultry societies in Thanjavur were dormant. The programme of poultry cooperatives is yet to be initiated in other districts. In all the IADP districts, assistance under the general programme of poultry development is being given directly to individuals. The Working Group during its visits to these districts, noticed that, while financial assistance is given directly to individual by Government agencies for undertaking poultry activity adequate arrangements for follow up action and also for marketing of eggs were not generally made.

5.21. On the basis of the experience gained in Punjab, the Working Group on Dairying and Animal Husbandry have recommended that independent primary poultry cooperatives may be organised

subject to their economic viability. They have also recommended that the facilities provided by the poultry cooperatives should be made available to the existing village service cooperatives in their jurisdiction wherever the societies need such facilities. We agree with these recommendations.

5.22. A poultry cooperative should ultimately undertake the following activities:—

- (a) Raising of poultry farms and chicks hatchery.
- (b) Installation of incubators and other common facilities.
- (c) Disease control and extension work.
- (d) Manufacture and supply of poultry feeds.
- (e) Collection and marketing of eggs/birds.

5.23. To begin with a cooperative may not be able to undertake all the above activities. It should therefore concentrate on the supply of feed and collection and marketing of poultry and poultry products. The other function may be undertaken by the Government agencies as is being done at present.

5.24. The experience of Punjab is that poultry cooperatives pick up strength only after the initial financial assistance has been provided to them. The Working Group on Dairying and Animal Husbandry have, therefore, recommended that in respect of capital equipment, poultry cooperatives should be given 50 per cent of the cost of such equipment as subsidy, 12½ per cent of the cost as share capital contribution by Government and the remaining 37½ per cent as loan from the Government. As for loans to individual members of cooperatives for the construction of poultry houses, for purchase of birds and feed etc., we recommend that Government assistance to individuals for these purposes should be routed through the cooperatives only.

5.25. There is considerable scope for the development of poultry cooperatives in almost all the districts. These poultry cooperatives should be located in rural areas adjacent to urban centres/industrial centres so as to provide ready market for poultry and poultry products. Intensification of poultry programme is being undertaken in select blocks. Under this scheme loans not exceeding Rs. 1,000 for a unit of 100 birds is being sanctioned from the block budget for purchase of chicks, feed, equipment etc. and also for the construction of poultry houses. It would be an advantage if, to begin with, cooperatives are organised in these intensive blocks so that all government assistance provided may be available for the cooperatives.

5.26. A major problem facing the poultry industry is the soaring cost of feed. Development of poultry cooperatives calls for an efficient organisation for the manufacture and supply of poultry feed. In this connection we would suggest that wherever poultry cooperatives are not able to undertake this work, the marketing societies should step in and assist the poultry societies in procuring and arranging for the supply of poultry feed at economic rates.

5.27. Another major factor influencing the growth of poultry cooperatives is effective arrangement for the marketing of eggs and birds. In this connection it was noticed that the cooperatives in

Ludhiana are selling their products at Delhi through a private commission agent. It would substantially facilitate the growth of poultry cooperatives if a link between the production centres and the terminal markets like Delhi, Calcutta and Bombay and also big industrial towns like Bhilai, Durgapur etc. is established. The extent to which the consumer cooperatives in these industrial areas and towns could assist the cooperatives, should also deserve attention.

5.28. *Fishery cooperatives*—The Third Five Year Plan has observed that the formulation and running of fishery cooperatives is an important aspect of fishery development and that organisation of cooperatives for fishermen is an indispensable means of preventing their exploitation by middlemen, removing their indebtedness and increasing fish production. The progress made by fishermen cooperatives in 7 districts is summarised below:

(Rs. in lakhs)

Serial No.	Name of the district	No. of societies	Membership	Paid up share capital	Value of fish handle
1	Ludhiana	..	..	..	..
2	Raipur	17	1,837	0.98	0.70
3	West Godavari	41	5,300	0.63	0.11
4	Thanjavur	50	9,006	0.73	0.05
5	Burdwan	24	945	0.67	0.01
6	Mandya (as on 31-1-65)	2	456	0.05	Rs. 300
7	Surat	15	3,989	1.42	N.A.

Excepting in Surat district, the cooperative programme is yet to make any impact in other districts. One of the societies in Surat—Umbargaon Fishermen Cooperative Society—had a membership of 105 and a share capital of Rs. 35,690 and reserve fund of the order of Rs. 58,030. The State Government had given assistance to the society for setting up an ice factory, cold storage and a yard. Loan assistance was also given to the society for the construction of a mechanised boat. The society has been exporting fish and fish products to foreign countries. This society has also been importing fishing twines and nylon for its members. During 1963-64 it sold fish worth Rs. 1.85 lakhs within the country and Rs. 2.5 lakhs in foreign countries. The value of fishery requisites distributed by this cooperative was of the order of Rs. 4.5 lakhs. The achievement of this society in Surat indicates that given necessary assistance and guidance, fishermen cooperatives can make a real impact.

5.29. In Raipur there are 17 fishermen societies of which one is a district federation. During its visit to the federation, the Working Group observed that this society was not coordinating or facilitating the working of primary fishermen societies in the districts. The district federation was functioning just like a primary society. Another feature noticed in the society was that out of a total membership of 350,110 were sympathisers. Admission of such a large number of non-fishermen as members is not conducive to the healthy growth of fishermen cooperatives. Another feature in many societies is that the societies do not provide any marketing facility. They merely

take on lease tanks and in turn allow the members to fish on payment of some fixed charges. In this connection the Union Ministry of Food & Agriculture had suggested to the State Governments that a primary society should consist of about 100 to 150 fishermen and that 10 or 15 of such primary societies should be federated into a marketing union. The functions of the marketing union would be mainly to undertake sale of fish and fish products and also to provide fish curing yards, cold storage and processing facilities to member societies.

5.30. In their letter No. 33/13/61-FY dated 12-10-62 the Union Ministry of Food & Agriculture (Department of Agriculture) had observed, "the need for revitalisation of the existing cooperatives and organisation of new cooperatives has been reviewed by the Government of India in the Ministry of Food and Agriculture in consultation with the Ministry of Cooperation and Planning Commission. It is felt that unless adequate financial assistance is given both to the primary societies and to the marketing union, fishery cooperatives will remain in their present unsatisfactory state". The State Governments were, therefore, requested to adopt the following pattern of assistance in respect of fishery cooperatives:—

	Primary societies	Marketing (Union) federation
	Ra.	Ra.
Share capital contribution .. ..	10,000	25,000
Loans and subsidy for purchase of craft and gear	25,000 (subsidy 25%; loan 75%)	
Loans and subsidy for setting up fish curing yards and godowns and fish stalls.	5,000 (Subsidy 25%; loan 75%)	25,000
Subsidy for appointment of staff for curing fish	1,200 (over 3 years as under)	
1st Year	600	
2nd Year	400	
3rd Year	200	
Subsidy for managerial staff .. ..	1,800	8,750
Assistance for setting up of the ice plant for selected marketing federations.	(Subsidy 25%; loan 75%)	1.25 lakhs
Assistance for purchase of 3 trucks for a marketing federation.	(25% subsidy)	90,000

During its visits to the various districts the Working Group noticed that the above pattern of assistance was not made available to any cooperative by the State Governments. While providing financial assistance to a fisheries cooperative, the technical requirements of the society, the production potential, market demand and estimates of costs and returns should be taken into account. There should also be flexibility in the pattern so that larger assistance, if necessary, could be made available depending on the needs of industrial societies.

5.31. There is considerable scope for the development of fishery cooperatives particularly in the districts of Surat, Burdwan, Raipur and West Godavari. A programme of intensification of fish production in select community blocks has been undertaken. Seven blocks have been chosen for intensive development of fish in Raipur, one in Mandya and 5 in West Godavari. The objectives of the programme are—

- (i) to improve the available water resources in the block and stock them with good varieties of fish fingerlings;
- (ii) to provide fishermen with indigenous equipment;
- (iii) to encourage methods of preservation of fish by indigenous methods;
- (iv) to assist panchayats and cooperatives to take fishery developmental schemes; and
- (v) to promote marketing arrangements for fish.

Specific programmes have been drawn up for hilly areas, coastal areas and other areas. Organisation of new fishermen societies or re-organisation of existing fishermen societies should first be undertaken in the areas where the scheme of intensive development of fisheries is being undertaken so that Government assistance available for the intensive development scheme as well as for the other general schemes for fishery development could be routed through the cooperatives.

5.32. The coastal districts of Alleppey, Surat and West Godavari which have large water resources as also good markets are well suited for launching an intensive programme of fisheries cooperatives. Fish production in the districts of Burdwan, Palghat, Mandya, Shahabad and Sambalpur which have good inland water resources is mostly needed for local consumption. Improved drilling, transport and marketing arrangements could expand demand. The possibility of providing these facilities on cooperative basis needs to be explored. The other IADP districts offer only limited scope for cooperative development of this activity.

5.33. *Staff*—We have suggested in this Chapter that after a careful study of potentialities specific Action Programme for the organisation of cooperatives for these activities should be drawn up for each district. This requires adequate administrative staff. In most of the districts there is no special staff for undertaking these promotional activities. In most of the districts like Raipur, supervision of all the various types of societies vests in the cooperative department. In some of the districts like West Godavari, supervision of milk supply societies is the responsibility of the Dairy Department. We would recommend that if a technical department is incharge of all these cooperatives, the concerned department should, at the district level, take over the services of an officer from the cooperative department and if the cooperative department is incharge of these societies it should obtain the services of technical officers from the concerned technical department. It should be the responsibility of the concerned

district technical officer (district fishery officer, district dairy development officer etc.) to draw up a specific Action Programme, in consultation with the Assistant/Deputy Registrar of Cooperative Societies, for the organisation of these various types of societies in the district.

5.34. The fishery, dairy or poultry cooperatives require constant attention, guidance and supervision. Requisite cooperative supervisory staff as well as technical staff should be provided in each of these districts. The managerial skill available to these societies is of crucial importance for their growth and development. In some of these societies, it may even be necessary to depute departmental officers to work as managers/secretaries in the initial stages. "Adequate arrangement for the training of the personnel of these societies would be vital to the programme."

## CHAPTER VI

### COOPERATIVE ADMINISTRATION, TRAINING AND COORDINATION

6.1. *Administration*—The position of normal and additional cooperative staff in each district is given in *Annexure XVIII*. For the proper implementation of the IADP in so far as the cooperative sector is concerned, every district has been provided with additional staff for administration and supervision at the district and block levels. The cost of the additional staff is met from the budget of the IADP in each district under the overall control of the State Agriculture Departments. In spite of the fact that the IADP is being administered in the States through their respective agricultural departments, we consider that the State Cooperative Departments have a definite role to play in the matter of strengthening the cooperatives and ensuring that they perform their due functions in the matter of servicing the programme effectively. The State Cooperative Departments, should, therefore take upon themselves the responsibility of supervising the cooperative aspect of the programme, irrespective of the fact whether the cost of the additional staff is met by the agricultural department at the district level or not. It is in this context that we have generally discussed the staff position in various districts in the following paragraphs.

6.2. *Block level staff*—Before the commencement of the IADP, each extension block had a cooperative extension officer. One additional cooperative extension officer was provided to every block under the programme so as to reduce the area incharge of the extension officer. The intention was to enable the cooperative extension officer to make a better concentration of effort in a smaller area under his charge. There was no intention however, to provide a parallel agency for extension work in each block in respect of societies, or, members brought under the programme. The practice followed in Bhandara, Surat, Aligarh etc. and a few other districts to utilise the additional cooperative extension officers only in looking after the societies selected for the implementation of the programme, is therefore inappropriate. On the other hand, in districts like Raipur, Sambalpur, Mandya and Ludhiana the area in each development block has been distributed between the cooperative extension officer and the additional cooperative extension officer on a territorial basis. This system avoided overlapping of jurisdiction between the two officials which otherwise was inevitable in the practice followed in this regard in the districts of Bhandara, Surat, Aligarh etc. Demarcation of specific jurisdiction in each development block also enables the cooperative extension officer to operate more intensively and carry on the extension work effectively by establishing intimate contacts with members of cooperatives, as also prospective members. We, therefore, recommend that the distinction obtaining in certain districts between the package and normal extension officers should be abolished and the work between the two officials in every development block distributed on a territorial basis.

6.3. In Shahabad district as many as 21 Assistant Registrars each incharge of a block have been provided. Each such Assistant Registrar is incharge of about 50 to 70 cooperatives. We feel that there is no need for such a large number of Assistant Registrars in the district. Instead, it would be better if the Deputy Registrar, after being placed incharge of the district as a whole, is provided with about 6 circle Assistant Registrars each in charge of a circle comprising of, on an average, about 7 blocks. Two Assistant Registrars for developing co-operative marketing and processing and one Assistant Registrar attached to the office of the Deputy Registrar should also be provided.

6.4. Except in Raipur and Ludhiana districts, no staff of the rank of inspector at the block level has been provided to attend to marketing and supply functions. In Raipur 23 marketing inspectors, each incharge of a block, have been provided under the IADP budget. These inspectors have assisted a great deal in developing a successful marketing programme in the district. They also attend to activities like distribution of chemical fertilisers, seeds, pesticides, etc. We recommend that every district should be provided with an adequate number of marketing inspectors to assist in developing a proper marketing programme, inspecting marketing societies, supervising the supply line and ensuring proper distribution of consumer goods in rural areas. The exact number of such inspectors to be appointed may be determined by the State Governments, taking into consideration the present volume of work and the expected increase in the near future.

6.5. Another category of additional staff provided under the programme in each block consists of additional supervisors. We have already considered in Chapter II the question of transferring the supervisors, wherever they are under the control of the cooperative department, to the central banks. We propose here to discuss the problems arising from the provision of additional supervisors in each district under the programme. In the districts of Thanjavur and West Godavari the central banks concerned have been given grants at the rate of Rs. 100 p.m. for each additional supervisor. In the remaining districts, additional supervisors are government employees working under the administrative control of the respective project officers. The normal supervisors in these districts are employed either by the cooperative department (Ludhiana, Mandi, Pali, Delhi and Shahabad) or by the central bank (Raipur, Burdwan, Mandya, Surat, Cachar, Sambalpur and Bhandara). In Aligarh district however, supervision is exercised by the cooperative union. Two types of supervisors are, therefore, operating in IADP districts except in Thanjavur and West Godavari, one under the control of the central bank/union or the co-operative department and the other under the control of the agriculture department. The supervisors operating before the inception of IADP are called normal supervisors while the additional supervisors are known as package supervisors and look after the societies that are under the programme. In the absence of any distribution of societies on a territorial basis and due to lack of integration of the two categories of supervisors, overlapping of jurisdiction is quite common. The question of integration of supervisors was considered by the Central Conference on IADP held in 1962. It recommended complete integration of the supervisory machinery and placing the additional supervisors under the control of the authority under whom the normal



supervisors functioned. No concrete steps have so far been taken to implement this recommendation and the position, by and large, continues to be as before. We consider that the integration of the supervisory machinery and the maintenance of unified control by the central cooperative bank is vital to the efficient operation of the credit programme in these districts and therefore recommend that early steps should be taken to implement the recommendations of the central conference on IADP in this regard.

6.6. One of the functions intended to be discharged by the additional supervisors is to help in maintaining the supply line in respect of agricultural requisites and developing a marketing programme. The additional supervisors are, by and large, being utilised for preparing credit applications of societies on the basis of farm plans without adequate attention being paid towards the supply and marketing aspects of the programme. While this is the situation generally obtaining in the districts, the position is somewhat different in Raipur district. In that district all the six sub-inspectors in each block have been deployed for attending to supply and marketing functions only. The central bank which is in charge of supervision of societies has not been given any additional supervisor. After reviewing the position, the Ministry of CD&C advised the Government of Madhya Pradesh to transfer two out of the six sub-inspectors to the cooperative central bank at Raipur and utilise the remaining staff of this category for work connected with supplies, storage, marketing etc. in the block. The State Government has still to take action in this regard. The work of organising the distribution of agricultural requisites is extremely important. This line of business is comparatively new to the cooperative societies as compared to the work of disbursement of cash loans. If the cooperative have to be made useful institutions in supplying agricultural requisites to members the work needs to be supervised by an agency of the cooperative department. Consequently adequate staff of the category of sub-inspectors will have to be provided in other districts as well.

6.7. *Staff at the direct level*—To strengthen the normal staff in the district, a post of Assistant Registrar has been provided from the IADP Budget in each district excepting Thanjavur, where a Joint Registrar has been provided and Raipur, Ludhiana, Mandya and Shahabad where a Deputy Registrar of Class I status has been appointed. Wherever an additional post of Assistant Registrar has been provided, the officer has been working under the Project Officer. This arrangement, to our mind, is not satisfactory. Since we think that the cooperative department has a definite role to play in the implementation of the IADP, we consider that it would be advantageous for the Assistant Registrar 'Package' to be in the hierarchy of the cooperative department at the district level, so that he may be able to work under the directions of the Deputy Registrar in charge of the district. Such an arrangement will fasten a direct responsibility on the cooperative department in regard to the implementation of the programme in the cooperative sector and will avoid a situation in which the Assistant Registrar 'package' would find himself in a kind of vacuum. We have earlier advocated in this Chapter the need for the cooperative departments in the States shouldering full responsibility for the cooperative aspect of the IADP. That being so it is

necessary that the set up of the cooperative staff at the district level, particularly of the category of Deputy and Assistant Registrars should be reviewed. It is not our intention, however, to suggest a uniform staffing pattern for all the IADP districts, particularly because conditions vary from State to State and district to district and more so, because different States have different types of administrative set-up. By and large, however, we consider that the balance of advantage would lie in the provision of a Class I Officer of the status of a Deputy Registrar in each IADP district who will be in overall charge of co-operative aspect of the programme. He should be provided with as many subject-matter specialists, *e.g.*, for credit marketing, processing, farm supplies and consumer services, as may be necessary, taking into consideration the size of the district and local needs. Such a set-up will be conducive to the efficient functioning of the cooperative aspect of the IADP and enable the Deputy Registrar as the leader of the cooperative team, to shoulder full responsibility for strengthening the cooperatives.

6.8. Our recommendations in para 6.7 would not, however, apply to Delhi where a Deputy Registrar is in charge of the entire territory and should be able to assume responsibility for the implementation of the programme in the cooperative sector involving a small area of five blocks, particularly now, when there is a full-time Registrar for Delhi, who will be able to take off some of the work load of the Deputy Registrar in respect of urban societies.

6.9. In the districts of Thanjavur, Ludhiana, Shahabad, Raipur, Alleppey and Mandya, it was found that the Joint/Deputy Registrar did not have adequate supporting staff (office and field) and were experiencing serious difficulties in the discharge of their responsibilities. Unless such staff is provided to them, these officials will not be in a position to discharge their obligations towards the IADP efficiently.

6.10. Another serious shortcoming noticed in the cooperative set up at the district level is the absence of suitable staff ear-marked for the development of marketing, processing and distribution of production requisites, etc. Except in Alleppey and Palghat, no provision for such staff was conceived when the programme was started. If co-operative marketing and processing are to be quickly developed in the IADP districts it is imperative that at least one wholetime Assistant Registrar is provided to assist the Deputy Registrar for developing a proper marketing programme and building up a supply line for production requisites and consumer goods for the farming community. Only recently provision has been made in Raipur and Bhandara for an Assistant Registrar each to look after the programme of marketing and processing, etc. In Raipur there is a proposal to set up 11 processing units for paddy and a big modern rice mill. It is doubtful whether a single Assistant Registrar will be able to look after a programme of this magnitude. Accordingly we recommend that the question of providing suitable additional staff in each district for promoting co-operative marketing, processing and distribution of production requisites and consumer goods be given necessary consideration by the State Governments.

6.11. It is also of importance that the normal cooperative staff particularly in respect of audit, liquidation, revitalisation and supervision for cooperative societies other than agricultural credit societies, is also sanctioned and posted in accordance with the recommendations of the Committee on Cooperative Administration (1963). The position of such staff, in the IADP districts is most unsatisfactory. Adequate staff is necessary for attending to special duties of the nature of liquidation, amalgamation, revitalisation, arbitration and execution of awards and certificates in order to keep the primary structure in proper gear. Particular mention may be made of Raipur district which has no staff for liquidation, revitalisation, amalgamation and for execution of awards/certificates etc. In no district has any separate staff for liquidation been appointed. It was noticed that in Thanjavur and Sambalpur districts, the work of arbitration and liquidation has been entrusted to cooperative extension officers. Similarly, in some districts the work of execution of certificates is being done by cooperative extension officers. The extension agency should not be utilised for starting coercive proceedings against members, or, for making recoveries of cooperative dues. The Ministry of Community Development and Cooperation had advised the State Governments in 1963 to earmark two senior inspectors out of the existing staff in the districts for revitalisation, amalgamation and liquidation work. But the suggestion could not be implemented owing to inadequacy of normal staff in IADP districts, which needs to be strengthened as recommended by the Mehta Committee on Cooperative Administration.

6.12. *State-level*—Although the cooperative departments in the States are responsible for the cooperative aspect of the IADP. It is noticed that in none of the States has an officer of the rank of Joint Registrar, been appointed to take charge of the work and attend the problems that are capable of solution only at the State level. The Registrars, by and large, owing to their multifarious other preoccupations have not been able to give undivided attention to the programme districts. The responsibilities of the Registrars are likely to increase further during the 4th and the 5th Plan periods. It is, therefore, likely that the Registrars will not be in a position to unreservedly devote their time to IADP districts. The respective Joint Registrars incharge of either credit, or marketing or urban consumer societies are also too busy with their respective duties and are operating in the entire State. They can hardly find time to pay adequate attention to IADP districts and sort out the various problems quickly. In the 'Action Programme' on cooperative credit circulated by the Ministry of Community Development and Cooperation to the State Governments, the necessity of appointing a full-time Joint Registrar incharge of IAA districts with a view to closely supervising the cooperative structure in these districts and taking effective steps for strengthening them as also bringing about the needed coordination with the Agricultural Department in each State, has been emphasized. A similar recommendation was made by the Central Conference of Key Personnel for IADP and IAA districts held at New Delhi in October, 1964. Following this the Ministry of Community Development and Cooperation again impressed upon the State Governments the urgency of appointing a high level officer of the rank of Joint Registrar to be incharge of intensive agricultural areas, including

IADP districts. We recommend that such a post should be created in every State and a suitable officer of sufficient seniority appointed thereto. Also in order to make this officer sufficiently mobile and to enable him to effectively cover a large area every month, it will be necessary to provide him with road transport. We recommend that this Joint Registrar should be provided with a jeep to facilitate his touring throughout the State.

6.13. *Central level*—Although the intensive agricultural district programme commenced from 1960-61, the Ministry of Community Development and Cooperation, which was in charge of subjects like agricultural credit, marketing, supplies, storage etc. did not appoint any additional staff, or, create any cell to keep in close touch with the districts and maintain liaison with different agencies such as the Ministry of Food and Agriculture, the Reserve Bank, the Ford Foundation and the State Governments, until late 1962, when an officer of the status of Director was appointed. The Director functioned almost single handed for about two years and during the period he was also given other assignments not connected with the programme. Lately, the Director, Cooperation in charge of IADP has also been made in charge of cooperative work in the intensive agricultural areas which comprise a large number of blocks in about 150 districts in the country. It is obvious that the work-load is extraordinarily heavy and he should be adequately assisted by a suitable number of officers and other staff. We recommend that the Ministry may take appropriate action as early as possible in the matter.

6.14. While dealing with cooperative administration, we cannot afford to ignore the personnel employed by the cooperatives at various levels who have to be trained and geared to do an efficient and better job. It is vitally important that the cooperatives are given complete responsibility and control over their staff. During the course of our visits to districts we came across instances where in the appointment of managers of large-sized societies, group secretaries etc., the cooperatives had hardly any control. The power to appoint staff vested in outside bodies such as the cooperative department, the state cooperative union, or a district committee. Supervisors who are under the control of agencies other than large sized societies are appointed to work as managers of the latter. Such practices impair the development of cooperatives and retard the growth of leadership in the movement. We would, therefore, recommend that managing committees of societies should be given full discretion in the matter of staff to be employed and the control to be exercised on them. We also recommend that higher level organisations, or, the cooperative departments should not exercise any direct control on the employees of cooperative societies. The area in which the cooperative departments may play an active role, is the provision of training facilities to the employees of cooperative societies so as to enable them to do a better job.

6.15. *Transport*—Every IADP district has been provided with a number of jeeps and a station wagon for ensuring quick mobility of district level staff in blocks and village for effective supervision of the programme. In many districts, separate vehicles have been allowed to subject-matter specialists like plant protection officers, agricultural information officers etc. The Deputy/Assistant Registrars have

not been allotted any separate vehicle to enable them to tour extensively except in the districts of Thanjavur, West Godavari, Surat and Bhandara. Difficulties have been experienced by the cooperative officers of certain districts in obtaining transport from the district level pool. If cooperative activity has to be properly supervised and developed, at least one vehicle out of the IADP pool should be exclusively placed in charge of the Deputy Registrar who can share it with his Assistant Registrars, some of whom are at present denied the use of any vehicle from the IADP pool. The recommendation has the support of the unanimous view expressed by the Conference of Co-operative Key Personnel held in Delhi in the month of February, 1965.

6.16. We have earlier stated that an officer of Class I status should function in each district as the head of the cooperative team to attend to the cooperative aspects of the programme. The Deputy/Joint Registrar has to play a key role in the implementation of the cooperative programme. His training therefore in cooperative business management is a matter which needs proper attention. The cooperative officers are generally trained and equipped to discharge their statutory functions. Their training is not oriented to the concept of business management, costs and returns inventory control feasibility studies etc. As head of the district and incharge of different aspects of cooperative work, it is essential that every Deputy Registrar in intensive agricultural districts is adequately trained, not only in statutory functions, but also in technical matters such as the ones outlined above. It is only then that he will be in a position to give adequate and proper guidance to the officials working under him, the staff of the cooperative societies, management committee members etc. We, therefore, recommend that all Deputy/Joint Registrars incharge of IADP districts should be given orientation training in the business aspects of all activities which cooperatives are called upon to undertake viz., issue, utilisation and collection of loans, procurement, storage, ware-housing distribution of farm supplies, installation of processing units, development of marketing programmes and finally distribution of consumer goods among the farming community.

6.17. *Training*—As part of IADP, training courses are organised every year at the district and block levels. The contents of these training courses comprise filling up farm production plans, laying demonstrations, estimating requirements of credit and supplies, plant protection measures and improved package of practices etc. The content of the training courses may be usefully enlarged to include something about cooperative procedures and practices in order that the staff of the IADP may develop an understanding of the cooperative aspect as well. These programmes have been useful in exchanging information and knowledge and in training the staff to do a better job in the ensuing year.

6.18. *Training of managing committee members, office bearers, secretaries/managers of village societies*—The training of office bearers, committee members and secretaries/managers of village societies is being handled by the National Cooperative Union of India through the State Cooperative Unions. The State Cooperative Unions have set up peripatetic training units. Each unit is headed by an instructor, who moves from block to block, according to a programme approved by the State Cooperative Union and holds classes lasting

for 5 days for committee members, office bearers and for a period of 4 weeks for secretaries including part-time or honorary secretaries or managers of cooperative societies. In addition, members and prospective members are being trained through study circles organised in each village. Under the revised scheme of Member Education programme, every district is being provided with 2 peripatetic instructors. In some of the IADP districts, the number of such instructors exceed this number, in accordance with the arrangement made in 1962-63, before the revised Member Education Programme was implemented. The number of peripatetic instructors and the number of persons trained by them is indicated in *Annexure XIX*. It will appear that generally the number of peripatetic units functioning in these districts is 2 or 3. We consider that the present arrangement for training members' committee members etc. is inadequate. The training programme has to be made more purposeful by tying it with the IADP concept and information. In order to make it more effective, there should be a systematic programme of holding refresher courses at suitable intervals. The present jurisdiction of one peripatetic unit comprising on an average about 6 development blocks with 300 to 400 cooperatives and a membership of over 10,000 is too large to be covered effectively by one instructor. We feel that an instructor should not normally be made to cover an area exceeding two development blocks with about 60 to 80 cooperatives so that he may be able to train effectively the members of managing committees, office bearers etc. and actively assist in the organisation of study circles. Necessary financial assistance may be provided to the National Cooperative Union to enable it to engage 100 to 150 instructors to organise and conduct the cooperative training programme more effectively. As it may be difficult to find all at once 150 instructors of the requisite calibre and arrange for their training, we would suggest that the recruitment of these instructors may be phased over a period of two years. The intensification of the training programme with the help of additional peripatetic units and instructors will require proper direction and coordinated action at the district level. It is, therefore, necessary that an officer be provided at the district level so that he may assist the Deputy Registrar in coordinating the education programme throughout the district. This officer should be borne on the cadre of the State Cooperative Union and attached to the district cooperative union wherever such unions are in existence and he should work under the direct supervision of the Deputy/Joint Registrar in-charge of the district.

6.19. Although the cooperative training programme is being implemented by the State Cooperative Unions, they scarcely have any detailed appreciation of the concept of IADP. This was revealed in a recent seminar of Education Officers of State Cooperative Unions organised by the National Cooperative Union of India. It was further noticed that instructors incharge of peripatetic units also did not coordinate their work to meet the requirements of the programme. The work schedule and tour programmes of instructors are approved by the State or district cooperative unions and the Deputy/Assistant Registrar responsible for the cooperative aspect of the programme, is not in the know of what the instructors do in the field. Such a situation is not likely to yield satisfactory results, particularly in relation to the implementation of the IADP. We therefore recommend that

Education Officers of the State Cooperative Unions should get themselves closely associated with the IADP in their respective areas as early as possible. We would further recommend that the chairman of the District Cooperative Union or its Chief Executive Officer be included in the cooperative sub-committee at the district level and associated with the various district training conferences which are held year after year. In order that the peripatetic units do a useful job, it would be necessary for the instructors to get their programme of work drawn up in consultation with the Deputy/Assistant Regional Registrar incharge of district.

6.20. Another area, in which action is needed, is the training of instructors incharge of peripatetic units in the content and concept of IADP. An initial comprehensive training should be followed periodically by refresher courses. The National Cooperative Union of India had arranged a training course of four weeks for about 30 instructors in the year 1964 at New Delhi. We would recommend that such initial courses of 4 to 6 weeks may be organised by the National Cooperative Union of India every year. As it would not be practicable for a large number of instructors from all IADP districts to be brought to Delhi for refresher courses, we suggest that such courses be held from time to time in different areas for 2 to 3 districts at a time and continued as a regular activity of the National Cooperative Union of India.

6.21. *Central and regional conferences*—The Ministry of Food & Agriculture holds every year central and regional conferences of the key personnel of IADP districts in which the progress of the programme including the role of cooperatives is reviewed and problems discussed. The cooperative key personnel in the districts should participate in these conferences in larger numbers. We feel that the conclusions reached and the recommendations made by such meetings, based on field experiences, will provide useful material to the State Govts. to bring about necessary changes in policies and procedures etc. wherever such changes are required for ensuring effective implementation of the IADP programme.

6.22. *Publicity—coordination between State Cooperative Unions and agriculture information units*—An Agriculture Information Unit has been set up in every IADP district as a part of the programme. The object of this unit is to help, educate the farmer by passing on to him useful information relating to agricultural techniques. Similar publicity material relating to cooperative activity is also disseminated by the State Cooperative Unions. But there is hardly any coordination between the two agencies. In order that they both work more purposefully and effectively, it is necessary that they work in unison and supplement each other. We recommend that specific measures be taken to bring about a healthy coordination.

6.23. *Coordination*—We noticed that in some of the states, State Coordination Committees at the State level were not meeting regularly. In a programme of this magnitude, the role of coordination assumes special importance. Unless the coordination committees review the programme at the State level periodically and take effective action to remove difficulties and bottlenecks, progress is likely to be retarded. We, therefore, recommend that steps should be taken by State Govts. to ensure that the coordination committees meet regularly and review the progress of the programme.

CHAPTER VII  
SUMMARY OF MAIN RECOMMENDATIONS

<i>Serial No.</i>	<i>Recommendations</i>	<i>Para- graph</i>
(1)	(2)	(3)
<i>COOPERATIVE CREDIT</i>		
1	A programme of reorganisation and revitalisation of the primary agricultural credit societies should be drawn up without delay for the package districts on the basis of a careful survey of the present position and steps taken to implement this programme according to an agreed time-schedule ... ..	2.7
2	In certain districts primary societies are required to repay as much as 80 to 100 per cent of the dues to the central cooperative banks if they are to be provided with fresh finance. Conditions of such severity need to be relaxed and as envisaged in the "action programme" this proportion may be fixed at 50 to 75 per cent of the dues ... ..	2.8
3	A phased programme should be drawn up for each block for the enrolment of new members and implemented with the cooperation of the various agencies working together in the package programme ...	2.9
4	The average loan per society worked out to less than Rs. 20,000 in all districts excepting Palghat, West Godavari, Thanjavur, Ludhiana, Mandya, Sambalpur, Aligarh and Surat. This emphasised the need for building up primary societies satisfying certain minimum standards of viability based on a reasonable area of operation and a fairly sizeable level of lending	2.12
5	The system of group secretaries or part-time secretaries in vogue in some districts is hardly conducive to raising the level of operational efficiency of the co-operatives. Each society should have a full-time paid secretary. There is also need to ensure that as many societies as possible have an office of their own to which the cultivator can look for the services which he requires ... ..	2.14
6	In each State the Registrar of Cooperative Societies, the authorities of the apex and central cooperative banks concerned may examine the adequacy of existing margin retained by primary societies of their credit and non-credit business and determine reasonable levels of margins ... ..	2.15



(2)	(3)
State assistance in future should be made available only to those agricultural credit societies, as reconstituted on the basis of a survey, to be viable or potentially viable units and in respect of which a programme for re-organisation and development has been drawn up and is being implemented ...	2.16
While progress towards viable units will itself help to bring to the fore good leadership, every effort should be made in mobilising local leadership and associating them with the various tasks in the programme so as to give them a sense of responsibility and participation as also to secure for the programme, the full benefit of their local knowledge ...	2.17
There has been a general trend in the package districts towards liberalisation of individual maximum borrowing power and the present levels compared favourably with what may be taken to represent the requirements of the cultivator with an average holding in these districts, considered with reference to the scale of finance per acre in force for the principal crop in the district. It is, however, important that a general rationalisation should be brought out keeping in view the following considerations :	
(i) The individual maximum borrowing power should be such as to cover requirements of the generality of cultivators.	
(ii) Special needs of crops such as sugarcane and banana which call for relatively high outlays should be taken into account.	
(iii) The need for rationing the available resources with a view to preventing the accrual of the benefit of cooperative credit to a small section of the population.	
(iv) Bigger cultivators should be expected to find an increasing proportion of the outlay on production from their own resources ...	2.21
The individual maximum borrowing power should be raised to Rs. 2,000 if the existing level is less than this and progressively raised, in due course, to Rs. 5,000 in unirrigated areas and to Rs. 10,000 in irrigated areas ...	2.21
Wherever no general increase in the individual maximum borrowing power is justified, a relaxation of the limits in deserving cases may be made permissible provided resources are available and a case for a larger loan is established on the basis of the production programme and repaying capacity of the borrower. Circumstances under which such a relaxation should be allowed should be determined by the	

(1)	(2)	(3)
	central financing agency and the procedure for giving effect to any such relaxation should be simple and quick ... ..	2.21
12	The limits up to which loans can be given to a member on the basis of personal sureties have been raised in some of the districts. Even so it is low in most of the districts like Burdwan, West Godavari, Mandya and Shahabad. Normally a cooperative should provide short-term loans for production purposes on the basis of two personal sureties, subject of course, to a maximum limit prescribed by it for such loans. In case a cultivator needs a higher quantum of credit than has been prescribed under such a limit, charge on land or on the crop could be obtained as security and mortgage security need be insisted only as a last resort ... ..	2.22
13	Provision for the creation of a charge on land exists only in the Cooperative Societies Acts of Punjab, Maharashtra, Rajasthan, Mysore, Madhya Pradesh, Madras, Gujarat and Andhra Pradesh. This should be incorporated in other States early ...	2.23
14	Oral tenants are being denied requisite production credit in the absence of record of tenancy rights. Oral tenants should be eligible to apply for loans, furnishing details of land proposed to be cultivated by them. Such information should be verified by supervisors of the cooperative bank or the extension officer and on the basis of such verification, credit should be provided to them irrespective of whether they have farm plans or not. ... ..	2.25
15	Convention should be established on having at least one member of the Board of Directors of the central cooperative bank from amongst landless tenants ... ..	2.26
16	Discrimination in the provision of credit has been introduced in certain areas against cultivator with small holdings. Credit should not be denied to any cultivator with small holdings. Credit should not be denied to any cultivator howsoever small unless his lack of credit worthiness is established ...	2.27
17	Cooperative credit institutions have not so far been positively involved in evolving loaning policies and procedures suited to agricultural production programmes. Every effort should be made to carry the coop. credit agencies with the programme by providing them sufficient autonomy and scope for initiative in framing policies and procedures in the light of needs ... ..	2.29

(1)	(2)	(3)
18	The cooperative credit agencies on their part should begin to play a positive role in the entire programme and bring all their experience, knowledge and leadership to bear on the task of devising ways and means of providing effective credit support to the I.A.D.P. ...	2.30
19	Farm plan should not be treated as a credit document. Crop loan system should be introduced in all the I.A.D.P. districts ...	2.31
20	Eligibility for medium-term loans should also be fixed on a per acre/crop basis ...	2.32
21	Consultancy service, to begin with, may be organised in package districts to provide technical advice to cultivators on adoption of improved practices and on investments like water lifting equipment etc. ...	2.35
22	Fullest advantage should be taken of the refinance facilities which the Agricultural Refinance Corporation can provide for long as well as medium-term credit ...	2.36
23	In Maharashtra and in a few other States determination of credit needs of farmers starts in November, December or even earlier, so that the sanction of drawals from the limit from kharif crops can be made before the commencement of the sowing season. A similar procedure, suitably adjusted to local conditions be developed in all States ...	2.38
24	A system of sanction of credit limits well in advance of the season should be introduced. It will be necessary for a society to be allowed to draw upon the limits, even before it attains eligibility, provided the funds are drawn for meeting the credit needs of non-defaulting participants to the extent at least of the cost involved in the adoption of improved practices. Managers of central banks should be given authority in this respect ...	2.39 —2.40
25	The Central Bank should seek the advice of field workers conference for determining seasonality in lending and repayments ...	2.42
26	Recently a scheme has been evolved on the basis of conclusions reached by the Standing Advisory Committee of Rural and Cooperative Credit of the Reserve Bank in regard to the manner in which and the levels up to which Stabilisation Funds should be built up and circumstances under which stabilisation facility should be provided with the support of these funds and the National Stabilisation Fund of the Reserve Bank of India. Steps should be taken on these lines in the I.A.D.P. districts also without delay	2.43

(1)	(2)	(3)
27	Cooperative credit institutions should not be called upon to finance wilful defaulters. Financing of defaulters of cooperative societies by Government in the form of fertilizers, taccavi etc. would only tend to undermine the discipline of cooperative credit and affect its serviceability in the area on a long-term basis ... ..	2.45
28	Where there are more than two cooperative central banks in the district, care should be taken to see that there is proper coordination between them ...	2.47
29	Of the 20 central cooperative banks in the IADP districts only 11 which command a business of Rs. 1 crore and above can be said to be viable according to the standards laid down by the Standing Advisory Committee on Rural and Cooperative Credit ...	2.48
30	Individual members in the central cooperative bank should not have more than one representative on the Board of Directors and wherever their representation is larger it should accordingly be reduced ...	2.49
31	Apart from instituting and filling the 4 key posts of executive officer, manager, accountant and an officer for developing cooperative marketing, it is important to see that persons employed have the necessary qualifications and are suitably trained for the jobs ... ..	2.50
32	Though the number of cooperative supervisors appears to be generally satisfactory, there is general need to tone up the quality of supervision ...	2.51
33	In many of the districts such as Ludhiana, Mandi, Pali, Delhi, Aligarh and Shahabad, cooperative supervisors are not under the control of central cooperative banks. Early steps should be taken to transfer the work of supervision to the cooperative banks. The central banks which are not willing to take over departmental supervisors should be allowed to appoint additional supervisors up to the required extent over and above their normal strength and provided with subsidy for this purpose ... ..	2.52
34	A programme of opening branches by central banks should be drawn up in each of the districts and implemented so that in the next few years every central cooperative bank has at least one branch in each taluka, or, a block headquarters. A scheme of subsidising uneconomic branches during the initial years of their working should be drawn up and implemented ... ..	2.53
35	Central banks and apex banks should be represented on the district level and State-level Coordination	

(1)	(2)	(3)
	Committees respectively. These Committees should meet frequently ... ..	2.55
36	The ratio of share capital to borrowing should be 1:5 between credit societies and members and 1:10 between central bank and societies. The practice of collecting share capital over and above 20 per cent of the borrowings in respect of primary credit societies in Bhandara should be given up ... ..	2.59
37	State Governments and cooperative banks should draw for the next 5 years a programme for increasing State contribution to the share capital of each bank to the required extent ... ..	2.60
38	The central cooperative banks should make active efforts in different directions to mobilise larger deposits by: (i) locating their offices in business areas; (ii) improving their services to their clients; (iii) securing deposits of local bodies, educational institutions etc. with the help of the State Government; (iv) offering competitive rates of interest; (v) opening more branches; and (vi) organising campaigns for mobilising deposits in each block with the assistance of block administration ... ..	2.63
39	Each bank should make a periodical review of the progress in deposits with reference to targets which may be laid down from time to time ... ..	2.63
40	In any savings drive which may be undertaken by the State Governments through their officials, the practice of fixing targets for the cooperatives or pressing them to invest their funds in such Government securities should be discontinued ... ..	2.64
41	Excepting for a few districts like Ludhiana, Surat, Palghat and Alleppey the contribution which the primaries are making to the cooperative credit structure from the point of view of resources is negligible and needs to be stepped up appreciably ... ..	2.66
42	Primary societies should collect compulsory thrift deposits at 5 per cent of the borrowings each year after the share capital contribution of members has reached a limit of 20 per cent of their borrowings ... ..	2.69
43	The deposits collected by credit societies should be permitted to be utilised in the business of the societies themselves ... ..	2.69

(1)	(2)	(3)
44	Many of the central banks could not utilise the credit limits sanctioned by Reserve Bank fully in view of their inability to satisfy the condition regarding non-overdue cover. The Reserve Bank may give sympathetic consideration to deserving cooperative banks in the package districts where the banks are unable to satisfy this condition in the short run to ensure that credit support to the programme in these districts is not jeopardised ... ..	2.72
45	The present policy of obtaining Government guarantee for sanction of credit limits by the Reserve Bank of India for all central banks in package districts needs to be reviewed ... ..	2.73
46	The apex cooperative bank should take the lead in planning the programme of provision of medium-term credit. It is also the responsibility of the apex bank to initiate, support and foster desirable changes in operational policies at the central bank level particularly in respect of central banks which are relatively weak in organisational and financial terms ...	2.76
47	It is recommended that: (a) no taccavi should be provided to members of cooperatives; (b) taccavi should not be provided on such terms and in such a manner that makes cooperative credit unattractive and undermines the discipline of cooperative credit; and (c) there should be a gradual reduction in the quantum of direct taccavi and such funds should increasingly be placed at the disposal of the cooperatives ... ..	2.82
48	By and large the record of cooperatives has been such as to show an increasing degree of responsiveness to the programme and to demonstrate to their suitability for the role assigned to them in this co-ordinated effort and promises of improving performance in the future. Qualitative strengthening and improvement of cooperative credit on the lines recommended is, however, necessary ... ..	2.83
49	The estimates of credit needs in these districts are complicated and difficult. Based on certain assumptions given the total credit to be advanced by agricultural credit societies for production purposes is likely of the order of Rs. 38 crores in 1966-67 ...	2.88

(2)	(3)
<b>SUPPLIES AND CONSUMER SERVICES IN RURAL AREAS</b>	
There would appear to be considerable scope for opening more retail depots in some of the districts like Mandi, Burdwan, Raipur and Surat. The objective should be that, ordinarily no cultivator is required to travel more than 4 to 5 miles to obtain his requirements of fertilisers ... ..	3.3
In the interest of cooperative development and agricultural production, the Government should give active support and positive preference to cooperatives in the matter of distribution of fertilisers, particularly those allotted from the Central Fertiliser Pool. The progress of the programme through a production-oriented system of credit in the cooperative sector will suffer to the extent the cooperatives are not enabled to handle this business ... ..	3.5
Panchayats and other agencies should withdraw from distribution of fertilisers at the earliest in areas where this work can be performed by the cooperatives satisfactorily ... ..	3.5
It would be convenient to farmers and also help cooperatives become viable units if they deal with entire range of fertilisers. Government should provide all possible assistance to cooperatives in this regard ... ..	3.6
Instead of the State Government taking a decision to entrust cooperatives with the distribution of fertilisers, from year to year, as in Burdwan, a long-term decision will help cooperatives to make necessary, financial, administrative and other arrangements for effective distribution of fertilisers ... ..	3.7
The higher level cooperative organisations like the district marketing societies should not open retail depots excepting in areas where the concerned primary societies are unable to do so for one reason or the other. Once a primary society is able and willing to undertake this activity, the higher level cooperatives should withdraw from retail distribution in that area ... ..	3.8
In many districts it was represented that consumption of fertilisers would have been higher if fertilisers had been made available in larger quantities. The State/Central Government should take appropriate steps to ensure that adequate quantities of fertilisers are secured for cooperatives in such areas ... ..	3.9

(1)	(2)	(3)
57	Cooperatives should undertake preparation of manure mixtures which are becoming increasingly popular. Higher level organisations like the district marketing societies, apex marketing societies should undertake this work employing necessary technical personnel. Block capital required for installation of equipment for this purpose should be provided by the State Governments as long-term loans to co-operatives. The National Cooperative Development Corporation should make available necessary funds to the State Governments for this purpose ... ..	3.10
58	Considering the relatively weak financial position of primary credit societies, the need for their stocking fertilisers well in advance of the season and long before the cultivators actually demand them and also the obligation of the societies to stock and supply fertilisers to non-members also, there is an obvious advantage in a primary society obtaining fertilisers on consignment basis ... ..	3.12
59	In many districts primary societies are not getting adequate margins for undertaking distribution of fertilisers. Although the work of farm supplies undertaken by a cooperative is a service function, it should necessarily be viewed as a business activity and that adequate margins should be allowed to cooperatives to cover various items of expenditure like handling charges, godowns charges, interest, shortages and also a reasonable margin of profit to facilitate capital accumulation in societies ... ..	3.14
60	In some of the districts it was observed that the cooperatives were required to insist on the lifting of recommended doses of fertilisers before a member was allowed the cash portion of the loan sanctioned to him. Instead of exercising compulsion, the media of publicity, propaganda and demonstration should be employed. Though it is the extension agency which has the major responsibility in the matter of education and administration, cooperatives should not be content with playing a passive role in this regard and they should develop aggressive salesmanship. The scheme suggested by the National Cooperative Development Corporation envisaging that the State Apex Marketing Societies should take the initiative in planning and executing the programme of sales promotion, is endorsed. This scheme, to begin with, be introduced in the IADP districts in collaboration with agricultural specialists at the district level ... ..	3.15



(1)	(2)	(3)
61	Fertilisers (fairs/melas) as in Madras should be organised by the primary marketing/district marketing societies with the assistance of Agriculture and Cooperative Departments	3.16
62	The cooperatives, to begin with, should associate themselves with the distribution of seeds and later, when some experience is gained, they may undertake the work relating to multiplication of seeds also	3.17
63	Primary marketing societies should obtain supplies of seeds from the Seed Corporation or the registered growers direct and make available the required quantities to the primary societies on a consignment basis	3.21
64	The State Agricultural Department should provide necessary technical assistance to the cooperatives, in this regard	3.21
65	The marketing societies should instal suitable equipment for seed cleaning and treatment. Government should provide 50 per cent of the cost of such equipment as subsidy and the balance as loan	3.21
66	The State Governments may consider the question of providing necessary finance to the cooperatives or making suitable arrangements with the financing institutions by giving them the requisite guarantee to meet the working capital requirements of the marketing societies for procuring seed	3.22
67	The present position in regard to margins available to cooperatives for distribution of seeds should be examined and fair margins determined	3.24
68	<p>The central government had suggested to the state governments the following arrangement for distribution of agricultural implements by cooperatives—</p> <p>(a) Implements which the State departments manufacture in their own workshops or obtained from private manufacturers should be distributed through marketing societies. The Department of Agriculture should make payment to the manufacturers for such supplies. The marketing societies should deposit the sale proceeds in the Government treasury from time to time;</p> <p>(b) Marketing societies should be entitled to a commission to meet distribution charges which they could share with the primaries; and</p> <p>(c) In due course the marketing societies should make their own arrangements for procurement and distribution of implements</p> <p>The above approach is endorsed</p>	3.25

(1)	(2)	(3)
69	As the use of improved implements is an important ingredient of the package of practices, credit facilities should be made by the primary societies to their members for the purchase of improved agricultural implements ... ..	3.28
70	<p>The Government of India has suggested the following arrangements regarding distribution of pesticides by cooperatives:—</p> <p>(i) The Department of Agriculture may procure various pesticides needed from different manufacturers on rate contract basis. Adequate stocks should however be made available to the marketing societies for distribution to individual growers and primary societies. Department of Agriculture should make payment to the manufacturers for the supply of pesticides. Marketing societies should be required to deposit the sale proceeds in the Government Treasury from time to time. They may also be allowed commission to be shared with primary societies. Subsidies made available to the growers from the Department of Agriculture should be routed through the cooperatives instead of being given directly;</p> <p>(ii) Cooperatives should not restrict themselves to the distribution of pesticides supplied by the Department of Agriculture. They should also be allowed to procure necessary quantities and types from private manufacturers;</p> <p>(iii) as marketing cooperatives gain experience in the field, the apex marketing societies should undertake to procure the entire supply necessary, including the procurement done by Department of Agriculture. The Department of Agriculture should, however, provide technical guidance; and</p> <p>(iv) the Department of Agriculture should procure spraying and dusting equipments and hand them over to cooperatives on consignment basis.</p>	3.29
71	<p>The above approach is endorsed ... ..</p> <p>It was noticed in many districts that pesticides sold by the Agriculture Department carried a subsidy of 25 per cent; but such subsidy was denied in respect of pesticides distributed by cooperatives. State Governments should encourage distribution of pesticides through cooperatives and provide them with such subsidy as is made available for distribution done through the Agriculture Departments ... ..</p>	3.92

(2)	(3)
In most of the districts satisfactory arrangements for regular procurement of consumer articles on behalf of primary societies do not exist. It is possible for the marketing societies or the wholesale stores to undertake this work. If the wholesale stores are to be entrusted with this work, village societies will have to be given adequate representation on the management of such institutions. It is important that the marketing society or the wholesale stores, which undertake this work reorient its business practices and policies to meet the consumer needs of the farming community ... ..	3.36
Arrangements should be made with the cooperative banks and other banks for provision of requisite funds to the marketing societies, if necessary, on government guarantee. With a view to enabling the marketing societies to build up the requisite share capital base for undertaking the various supply functions in addition to their marketing activities, Government participation in the share capital should be made without insisting upon corresponding matching contribution ... ..	3.38
At present, there is no institutional agency for providing loans to cooperatives for affording common services such as tractors etc., to cultivators. Development of an institutional agency for this purpose is recommended and until this is done, Government should provide necessary funds to the cooperatives for this purpose ... ..	8.39
<b>MARKETING, PROCESSING AND STORAGE</b>	
Although the progress of cooperative marketing in the IADP districts as a whole compares favourably with that of other districts in the country, there is still substantial scope for further intensification of cooperative marketing in all the IADP districts. Each IADP district should have a specific programme for development of cooperative marketing of agricultural produce. The apex and the district marketing societies should be fully involved in drawing up and implementing the district programmes ... ..	4.5
A few societies should be selected for development of cooperative marketing and processing on the basis of optimum support in all the directions so as to throw light on all the relevant factors in the situation and determine the best means of achieving the optimum degree of progress ... ..	4.6
There is scope for organising more marketing societies in Sambalpur. In Raipur and Burdwan, the number of marketing societies exceed the number of	

(1)	(2)	(3)
	important markets and need, therefore, to be re-organised ... ..	4.7
78	In some of the districts like Shahabad marketing societies are not located at the market centres. In such cases the possibility of shifting the headquarters of the society to the market centre, or, at least opening a branch of the society at the principal marketing centre should be considered ... ..	4.7
79	In Burdwan, besides the district marketing society, there is also a regional marketing federation with headquarters at Burdwan. The need for two higher level organisations at the intermediate level is not obvious and needs to be examined ... ..	4.8
80	The percentage of village societies affiliated to marketing societies is of the order of 76 in the IADP districts. To bring about an organic link between credit and marketing it should be ensured that all credit societies are affiliated to the marketing societies in the area as early as possible ... ..	4.10
81	In some of the districts like Mandya, Sambalpur and Alleppey, restrictions are placed on enlarging individual membership in primary marketing societies. Besides removing the existing restrictions, positive steps should be taken to expand individual membership as it would help in augmenting the capital base of marketing societies, facilitate expansion of the business and also make it possible to bring into the management of marketing societies producers who are directly availing of their services ... ..	4.11
82	To promote individual membership in primary societies, representation should be given to individual members on the Board of Management of the marketing society though credit societies may be given a majority of seats ... ..	4.11
83	A suggestion made in the 'Action Programme' formulated by the Ministry of CD&C that credit societies should invest 2 per cent of their loan turnover as share capital in marketing societies is endorsed. To begin with, a credit society may be required to invest a certain percentage of its own share capital in the primary marketing society, the proportion being determined in the light of local conditions ... ..	4.12
84	It was noticed in some districts that while Government were providing additional share capital assistance to primary marketing societies, the cooperatives were simultaneously being required to retire a part of the share capital contributed earlier by the Government. This anomaly needs to be rectified by	

(2)	(3)
a suitable modification of the policy in regard to the retirements of Government contribution ...	4.14
Initially, individual members should be required to contribute Rs. 5.00 to Rs. 10.00 towards share capital of marketing societies. Once their loyalty is assured, their contribution to share capital should be stepped up to say, to a rate of one per cent of their sales every year subject to a suitable maximum ...	4.15
When cooperatives undertake procurement of foodgrains for the Food Corporation or Government they should act as agents only. It should also be ensured that cooperatives are not required to hold stocks for longer periods ...	4.17
The practice of utilising the services of private commission agents for procurement work by coopepratives is highly undesirable. Higher level organisations should operate only through the primary marketing societies and primary credit societies ...	4.18
In Raipur the provisions of the Agricultural Produce Market Act have created difficulties for cooperative marketing societies in regard to purchase of paddy from the members at the village level. The State Government should examine and remove such difficulties ...	4.20
As the scheme of Government contribution to Price Fluctuation Fund of marketing societies introduced in 1964-65, cover only 200 societies in the country, most of the marketing societies in the IADP districts could not be covered by the scheme. When the scheme is extended to a larger number of societies, more societies in the IADP districts should be selected under the scheme on a priority basis ...	4.21
Various suggestions made in para 4.24 for bringing about an effective link between credit and marketing need to be implemented ...	4.24
As pledge loans play a significant part in the scheme of agricultural credit particularly in double-crop areas and as this would eventually facilitate development of marketing functions, cooperatives should develop this business of pledge loans ...	4.25
The majority of us are of opinion that the Reserve Bank should review its policy regarding provision of working capital loans to marketing societies by cooperative banks with a view to ensuring a smooth flow of finance to meet the requirements of the expanding programme of cooperative marketing. ...	4.27
Considering that the main objective of the marketing cooperatives is to benefit the cultivators and also	

(1)	(2)	(3)
	to hold the price line, the State Bank should increasingly undertake to finance cooperative marketing ... ..	4.28
94	While the practice of taking on deputation departmental officers to work as managers of marketing societies should be desirable in the initial stages and while the State-level institutions could help a great deal by employing a number of trained men to be lent on deputation to affiliated marketing societies, the best course would be for individual marketing societies to recruit their own men and train them up by offering suitable and attractive service conditions ... ..	4.29 4.30
95	The Government of India are considering the setting up of a Central Institute of Management for the training of co-operative personnel in the entire country. This will provide satisfactory arrangements for training of managers of marketing societies. Meanwhile, full use may be made of the facilities provided in the various training centres managed by the Committee for Cooperative Training ... ..	4.31
96	Periodical refresher courses for short duration of a week or a fortnight should also be organised for managers of marketing Societies on a regional basis ...	4.32
97	Intensive programme for development of marketing and its linking with credit should immediately be undertaken in the districts where modern rice mills are being established ... ..	4.36
98	The apex marketing societies, in consultation with the State Cooperative Unions should draw up a programme for training of managers of processing units ... ..	4.38
99	There is a fairly heavy backlog in the construction of godowns for which Government assistance was given, in the districts of Aligarh, Pali, Raipur, West Godavari, Mandya, Cachar and Surat. Steps should be taken to ensure the completion of the programme according to schedule ... ..	4.39
100	State Cooperative Department should undertake a detailed survey in each IADP district to consider the economics of the existing godowns and take effective steps to make them viable units ... ..	4.40
101	The possibility of constructing godowns of 40 to 50 tonnes capacity should be considered instead of uniformly allotting 100 tonnes godowns to all primary credit societies ... ..	4.41

(1)	(2)	(3)
102	The district/apex marketing societies should arrange for a short training of the godown keepers at the block/district level in consultation with the officers of the Agriculture Department in the district	4.42
<b>ANIMAL HUSBANDRY AND FISHERY COOPERATIVES</b>		
103	Significant development of animal husbandry and fishery cooperatives is possible only if there is intensive programme representing comprehensive package of services such as extension, credit, marketing, processing etc. In view of the limitations of resources in terms of supplies, personnel, etc., it is necessary that, to begin with, such a programme should be restricted to areas selected from the point of view of suitability for the purpose and developed on a phased basis	5.4
104	Effective stimulus of this kind for development may come from a milk plan to serve the requirements of one or more cities, or, of the demands of large and expanding establishments	5.5
105	It is as a part of such a plan that arrangements would have to be made for the provision of facilities and services which are necessary	5.6
106	It is when the development of the activity receives a special impetus from an important market or source of demand and a project is built up on this basis that there will be a wide scope and an urgent need for the organisation of functional cooperatives, federated suitably into a union of their own, through which the various aids can be provided, requisites such as feed, credit etc., can be supplied and the products collected, processed and marketed	5.7
107	Every effort should be made to take advantage of the facilities available from the Agricultural Refinance Corporation for such Projects	5.8
108	As cooperative organisations for certain common purposes develop, the assistance from Government should be utilised for meeting the needs of long term funds for investment. The working capital requirements in such cases would have to be ordinarily met by the central banks and in areas where such banks are not equal to undertake the responsibility, by the Government itself	5.9
109	One of the weaknesses of dairy cooperatives in IADP districts is that the membership is small and share capital structure extremely weak. As suggested by the Working Group on Dairy and Animal Husbandry Cooperatives appointed by the Union Ministry	

(1)	(2)	(3)
	of Food & Agriculture, the work relating to milk collection and financing of members should be entrusted to village service societies and that independent milk societies should be organised only when there is no effective village service cooperative in the area or where there is a concentration of rural milk producers, subject to the conditions that such societies will be economically viable. These service cooperatives and primary village societies should federate into unions which should undertake processing and marketing of milk	5.12
110	An early decision should be taken on the recommendation of the Working Group on Animal Husbandry and Dairy Cooperatives that the 50 per cent of the cost of milk processing plant with capacity upto 5,000 litres should be subscribed by the Government	5.14
111	Capital accumulation in the cooperatives is to be brought about by compulsory deductions from milk price payable to members towards their share capital deposit accounts	5.14
112	Though primary milk societies, according to the existing pattern of assistance, are eligible for a subsidy of Rs. 2,000 for equipment etc., in practice, this assistance is hardly being given to the cooperatives. The subsidy should be made available to societies in IADP districts which are eligible for it	5.15
113	As recommended by the Working Group on Dairy and Animal Husbandry Cooperatives Government may contribute 12½ per cent of the block cost of milk unions as share capital for meeting the working capital requirements of the unions	5.15
114	Loans for milch animals should be given at least for a duration of two lactation periods as against for 10 months in Ludhiana and West Godavari	5.16
115	There is considerable scope for organising creameries in Mandya and also in the Kalana-Katwa areas in Burdwan	5.17
116	There was a proposal to establish 18 form coolers of 2,000 litres each at 18 centres in Ludhiana under the composite scheme which was to be undertaken with UNICEF assistance. The possibilities of organising separate milk supply societies or entrusting milk collection to primary societies at these centres should be explored	5.17



(1)	(2)	(3)
117	The possibility of including the milk producing centres in West Godavari in the milk shed of the proposed milk project coming up in the public sector in Krishna district should be considered ...	5.17
118	A survey should be conducted in each of the districts to locate pockets where milk production is concentrated. On the basis of the survey a specific programme should be drawn up to link these selected production centres with the urban consuming centres ...	5.19
119	In the IADP districts there are a number of towns with population of over 10,000 which are not at present served by any milk supply union. The possibility of organising milk supply unions in these urban centres and also installation of processing plants by the unions should be considered ...	5.19
120	The experience of Punjab in poultry farming indicates that independent primary poultry cooperatives should be organised subject to their economic viability. The facilities provided by the poultry cooperatives to their members should also be made available to the existing village service societies in their jurisdiction wherever the societies need such facilities ...	5.21
121	A poultry cooperative to begin with may concentrate on supply of feed and collection and marketing of poultry and poultry products ...	5.23
122	The recommendation of the Working Group on Dairy and Animal Husbandry Cooperatives that in respect of capital equipment, poultry cooperatives should be given 50 per cent of the cost of such equipment as subsidy, 12½ per cent of the cost as share capital contribution by government and the remaining 37½ per cent as loan from the Government may be accepted ...	5.24
123	All Government loans to individual members of cooperatives should be routed through the cooperatives only ...	5.24
124	Intensification of poultry programme is being undertaken in select blocks. The poultry cooperatives could be organised first in these intensive development blocks so that all government assistance for these areas may be available for cooperatives ...	5.25
125	Marketing societies, should wherever necessary assist the poultry societies in procuring and arranging for supply of poultry feed at economic rates ...	5.26

(1)	(2)	(3)
126	It would substantially facilitate the growth of poultry cooperatives if link between the production centres and the terminal markets like Delhi, Calcutta and Bombay and also big industrial towns like Bhilai, Durgapur etc. is established ... ..	5.27
127	The extent to which the consumer cooperatives in these industrial areas and towns could assist the cooperatives in marketing poultry and poultry products, also deserve attention ... ..	5.27
128	Admission of a large number of nonfishermen in societies as in Raipur is not conducive to the healthy growth of fishermen cooperatives ... ..	5.29
129	The suggestion made by the Union Ministry of Food & Agriculture that a primary society should consist of about 150 fishermen and that 10 or 15 of such primary societies should be federated into a marketing union which will undertake the sale of fish and fish products and also provide facilities for fish procuring yards, cold storage etc. is endorsed ... ..	5.29
130	The Central Government have recommended certain pattern of financial assistance to be provided by the State Governments to the fishermen cooperatives. In practice, however, fishermen cooperatives are not receiving the assistance on the pattern recommended. Besides making available assistance on the accepted pattern there should also be flexibility in the pattern so that larger assistance, if necessary, could be provided to certain societies depending upon their need ... ..	5.30
131	Organisation of new fishermen societies or re-organisation of existing fishermen societies should be undertaken in the areas where the scheme of intensive development of fisheries is being undertaken so that the Government assistance available for the intensive and general schemes could be routed through the cooperatives ... ..	5.31
132	Adequate cooperative supervisory as well as technical staff should be provided in each of these districts for development of animal husbandry and fishery cooperatives ... ..	5.33
133	If a technical department is incharge of these cooperatives they should obtain the services of a cooperative officer at the district level and <i>vice versa</i> . It should be the responsibility of the concerned district officer to draw a specific action programme in consultation with the Assistant/Deputy Registrar of Cooperative Societies for organisation of these various types of societies in these districts ... ..	5.33

(1)	(2)	(3)
<b>COOPERATIVE ADMINISTRATION, TRAINING AND COORDINATION</b>		
134	The State Cooperative Departments should take upon themselves the responsibility of supervising the cooperative aspect of the programme irrespective of the fact whether the cost of the additional staff is met by the Agriculture Department or not ... ..	6.1
135	The distinction between package and normal extension officers obtaining in certain districts should be abolished and the work between the two distributed on a territorial basis ... ..	6.2
136	In Shahabad district the Deputy Registrar may be placed in charge of the district as a whole. Under the present arrangement there is one Assistant Registrar for each block. Instead one Assistant Registrar may be provided for each circle comprising on an average of about 7 blocks ... ..	6.4
137	Every district should be provided with an adequate number of marketing inspectors to assist in developing and intensifying the marketing programme and ensuring proper supervision of the supply line and distribution work ... ..	6.4
138	The integration of the supervisory machinery under the unified control of the central cooperative bank is vital to the efficient operation of the credit programme ... ..	6.4
139	Adequate staff of the category of sub-inspectors will have to be provided in each district to undertake supervision work of distribution of agricultural requisites ... ..	6.6
140	The Assistant Registrar (Package) working in the district should be in the hierarchy of the Cooperative Department so that he may be able to work under the directions of the Deputy Registrar who would be of Class I status and incharge of the entire cooperative programme in the district ... ..	6.7
141	The balance of advantage would lie in having a class I officer in each IADP district to be in overall charge of the cooperative aspect of the programme. He should have adequate supporting staff both in office and for specific jobs like marketing, processing, consumers etc. ... ..	6.7
142	The question of providing suitable additional staff in each district for promoting cooperative marketing, processing and supplies be given necessary consideration. ... ..	6.10

	(1)	(2)	(3)
143	The normal cooperative staff particularly in respect of audit, liquidation, amalgamation, revitalisation, arbitration and execution of awards has to be adequately strengthened in accordance with the recommendation of the Committee on Cooperative Administration (1963) ... ..		6.11
144	A Joint Registrar at the state level has to be placed incharge of intensive agricultural areas including the IADP districts. Such a post should be created in every State and a suitable officer of sufficient seniority appointed thereto. He should be provided with a jeep to facilitate his touring throughout the State ...		6.12
145	The Director (Cooperation) incharge of IADP in the Ministry at the Centre has to be adequately assisted by a suitable number of officers and other staff. The Ministry may take appropriate action early in the matter ... ..		6.13
146	The managing committees of societies should be given full discretion in the matter of appointment and control of their staff. Higher level organisations or cooperative departments should not exercise any direct control over such staff ... ..		6.14
147	One vehicle out of the IADP pool should be exclusively placed incharge of the Deputy Registrar ...		6.15
148	The Deputy/Joint Registrars of IADP districts should be given orientation training in the business aspects of all activities which the cooperatives are called upon to undertake ... ..		6.16
149	The present arrangement for training the members/ committee members of cooperatives, is inadequate. An instructor should not normally be made to cover an area exceeding 2 development blocks with about 60 to 80 cooperatives. Necessary financial assistance may be provided to the National Cooperative Union to enable it to engage 100 to 150 more instructors, in a period of two years, to conduct the training programme more effectively. An officer may be appointed at the district level, on the cadre of the State Cooperative Union, to be attached to the district cooperative union, who should assist the Deputy Registrar in the direction and coordination of the education programme throughout the district ... ..		6.18
150	The Education Officers of the State Cooperative Unions should get themselves closely associated with the IADP in their respective areas. The Chairman of the District Cooperative Union or its Chief Executive Officer should be included in the Cooperation Sub-Committee at the district level ... ..		6.19

(1)	(2)	(3)
151	Besides the initial course of 4 to 6 weeks to be organised by the National Cooperative Union of India every year, for instructors of the peripatetic units, a refresher course for 2 to 3 districts should be held by National Cooperative Union of India every year as a normal feature of its activity ...	6.20
152	There is need for coordination between the agricultural information unit in IADP districts and the State/District Cooperative Union, in regard to publicity. Specific measures be taken to bring this about	6.22
153	The district and state level coordination committees were not meeting regularly. Steps should be taken to ensure that these committees meet regularly and review the progress of the programme ...	6.23

Sd/- N. P. CHATTERJI,  
Chairman.

Sd/- P. D. KASBEKAR,  
Member.

Sd/- VISWA NATH PURI,  
Member.

Sd/- M. L. BATRA,  
Member.

Sd/- R. S. SINGH,  
Member.

Sd/- K. MADHAVA DAS,  
Member.

Sd/- J. K. VERMA,  
Member-Secretary.



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# APPENDICES

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## APPENDIX I

No. 9-2/64-IADP

GOVERNMENT OF INDIA

MINISTRY OF COMMUNITY DEVELOPMENT & COOPERATION  
(DEPARTMENT OF COOPERATION)*New Delhi, the 17th November, 1964.*

To

The Project Officers,  
Intensive Agricultural District Programme  
(Package Programme) of all IADP Districts.

*Subject*—Working Group on cooperatives in I.A.D.P. visit of Working Group to the I.A.D.P. districts—collection of basic data—regarding.

Sir,

I am directed to say that the Working Group on cooperatives in I.A.D.P. districts appointed by this Ministry proposes to visit your district during the second/third week of December, 1964. To facilitate the work of the Group, it will be appreciated if basic information about progress of cooperatives in the district is collected and compiled in the enclosed proformae. Three sets of proformae are enclosed. Statements I to IX seek to elicit statistical information about the progress of cooperatives in the I.A.D.P. areas. Questionnaire I to IV seek to elicit information about policy, procedure and programme of cooperatives. The third proforma is for collecting information in respect of primary village credit societies to be visited by the Working Group. It is requested that 10 copies of replies to questionnaire I—IV and also statements I—IX may be kept ready for being handed over to the Working Group when they visit the district. One set of the answers to questionnaire I—IV and statements I—IX may kindly be forwarded to this Ministry before the 10th December, 1964. The Project Officers are requested to consult the Deputy Registrar/Assistant Registrar of the district and also the central bank in filling up the various proformae.

2. The Working Group will also visit 6 good working primary village societies situated in different blocks with different agricultural conditions, the central bank/banks, two marketing societies and one processing unit. The societies which should be visited by the Working Group may be selected in advance and notes about the working may also be prepared for being handed over to the Working Group when they visit the districts.

Receipt of this letter may kindly be acknowledged.

Yours faithfully,

Sd/-

(K. SUNDARARAJULU)

for Joint Secretary to the Government of India

Copy with enclosures to—

Asstt. Registrar/Deputy Registrar/Joint Registrar incharge of IADP districts.

Registrars of Coop. Societies, all States and Union Territories of Delhi and Himachal Pradesh.

Copy to:

All Members of the Working Group.

STATEMENT I  
FARM PRODUCTION PLANS

<i>Name of the district</i>	1960-61*	1961-62	1962-63	1963-64
Date of introduction of IADP in the district ...				
1. (a) Total number of blocks in the district ...				
(b) Total number of villages in the district ...				
(c) Total number of cultivators in the district ...				
(d) Total gross cropped area in the district ...				
2. (a) Number of blocks covered by IADP ...				
(b) Number of villages covered by IADP ...				
3. Total gross cropped area in the blocks covered ...				
4. Gross cropped area covered under farm plans ...				
5. Percentage of col. 4 to col. 3 ... ..				
6. Total number of cultivators in the blocks covered by IADP ... ..				
7. Total number of cultivators covered under farm plans ... ..				
8. Percentage of col. 7 to col. 6 ... ..				
9. No. of members of coops. for whom farm plans were prepared ... ..				
10. Percentage of col. 9 to col. 7 ... ..				
11. No. of members having farm plans financed by cooperatives ... ..				
12. Estimates of credit requirements of members of cooperatives as per production plans ... ..				
13. Credit actually disbursed by cooperatives during the year. Reasons for shortfall ... ..				

NOTE:—\*Information may be given only from the year from which Intensive agricultural District Programme was introduced.

STATEMENT II  
VILLAGE SOCIETIES

<i>Name of the district.</i>	1960-61	1961-62	1962-63	1963-64
1. No. of societies in the district:				
(a) Large sized societies	...	...	...	...
(b) Service coops. and multi-purpose societies	...	...	...	...
<i>Total</i>	...	...	...	...
2. No. of societies organised after the introduction of the IADP	...	...	...	...
3. Membership of primary societies:				
(a) Large sized societies	...	...	...	...
(b) Service coops. and multipurpose societies (all village societies excepting large sized societies, which give agricultural credit)	...	...	...	...
<i>Total</i>	...	...	...	...
4. Total number of villages covered by:				
(a) Large sized societies	...	...	...	...
(b) Primary service coops. and multipurpose societies (all village societies excepting large sized societies, which give agricultural credit)	...	...	...	...
<i>Total</i>	...	...	...	...
5. Percentage of villages covered by all agricultural credit societies	...	...	...	...
6. Percentage of coverage of rural population by all agricultural credit societies	...	...	...	...
7. Total paid up share capital of societies	...	...	...	...
8. Total reserve funds of societies	...	...	...	...
9. Total owned funds	...	...	...	...
10. Deposits	...	...	...	...
(a) Compulsory thrift deposits from members	...	...	...	...
(b) Other deposits	...	...	...	...
<i>Total</i>	...	...	...	...
11. Total borrowings from the Central Bank	...	...	...	...
12. Total working capital	...	...	...	...
13. Percentage of owned funds to working capital	...	...	...	...
14. Loans advanced during the year:				
(a) Short term loans	...	...	...	...
(b) Medium term loans	...	...	...	...
<i>Total</i>	...	...	...	...

STATEMENT—*contd.*

	1960-61	1961-62	1962-63	1963-64
15. Total demand during the year	...	...	...	...
16. Total loans recovered during the year	...	...	...	...
17. Outstanding at the end of the year	...	...	...	...
18. Amount of overdue	...	...	...	...
19. Percentage of overdues to demand	...	...	...	...
20. Percentage of overdues to outstandings	...	...	...	...
21. No. of societies advancing loans	...	...	...	...
22. No. of societies in default to the Central bank. (Period-wise information, if available, may be given)	...	...	...	...
23. No. of societies in profit	...	...	...	...
24. Total profits earned by the societies	...	...	...	...
25. No. of societies in loss	...	...	...	...
26. Total loss suffered by societies	...	...	...	...
27. No. of societies having offices in their own buildings	...	...	...	...
28. No. of societies which do not have their own buildings or which have rented accommodation	...	...	...	...
29. No. of societies which have no office of their own	...	...	...	...
30. No. of societies having full time paid secretaries	...	...	...	...
31. No. of A & B class societies	...	...	...	...
32. No. of C class societies	...	...	...	...
33. No. of D & E class societies	...	...	...	...
34. No. of societies under liquidation as on 30-6-64:				
(a) for less than 2 years	...	...	...	...
(b) between 2—5 years	...	...	...	...
(c) over 5 years	...	...	...	...
(d) Total	...	...	...	...
35. Amount due from liquidated societies to central bank as on 30-6-64:				
(a) Considered good	...	...	...	...
(b) Considered doubtful	...	...	...	...
(c) Considered bad	...	...	...	...
(d) Total	...	...	...	...

## NOTE—

(a) Information to be given in respect of societies covered by IADP blocks and non-IADP blocks and the total of the entire district.

(b) An outline action programme for cooperative credit was suggested to the State Govts. in letter No. P8-4/63-UT dated the 13th March 1964. It was suggested to the State Govt. in that letter that a quick study should be undertaken to identify potentially viable societies and a programme should be drawn up to reorganise non-viable societies through amalgamation and that the defunct societies should be liquidated. Has such study been undertaken in the district? If so, furnish following information :

- (i) No. of societies identified as viable/potentially viable;
- (ii) No. of societies to be liquidated; and
- (iii) No. of societies to be amalgamated with other viable societies.

## STATEMENT III

## FARM SUPPLIES AND DISTRIBUTION OF CONSUMER ARTICLES BY VILLAGE COOP. SOCIETIES IN THE DISTRICT

Name of the district.

1960-61  
1961-62  
1962-63  
1963-64*Fertilizers:*

1. No. of village societies undertaking distribution of fertilizers	...	...	...	...
2. No. of retail depots run by:				
(i) Primary marketing societies	...	...	...	...
(ii) Apex marketing societies	...	...	...	...
(iii) Village societies	...	...	...	...
(iv) Total	...	...	...	...
3. Quantity of retail sales of nitrogenous fertilizers made	...	...	...	...
4. Of col. 3 quantity handled by:				
(i) Marketing cooperatives	...	...	...	...
(ii) Village cooperatives	...	...	...	...
(iii) Total	...	...	...	...
5. Quantity of superphosphate and other fertilizers distributed in the district	...	...	...	...
6. Of col. 5 quantity handled by:				
(i) Marketing cooperatives	...	...	...	...
(ii) Village cooperatives	...	...	...	...
(iii) Total	...	...	...	...
7. Value of retail sales of fertilizers made by co-operatives:				
(i) Village cooperative	...	...	...	...
(ii) Marketing cooperatives	...	...	...	...
(iii) Total	...	...	...	...

*Seeds:*

1. No. of village societies undertaking distribution of seeds	...	...	...	...
2. No. of marketing societies undertaking procurement and distribution of seeds	...	...	...	...
3. Quantity of seeds distributed by cooperatives	...	...	...	...
4. Value of seeds distributed by:				
(i) Marketing cooperatives	...	...	...	...
(ii) Village cooperatives	...	...	...	...
(iii) Total	...	...	...	...
5. Total quantity of seeds distributed in the district	...	...	...	...

## STATEMENT III—contd.

1960-61  
1961-62  
1962-63  
1963-64

*Pesticides:*

1. No. of village societies undertaking distribution of pesticides ... ..
2. No. of marketing societies undertaking distribution of pesticides ... ..
3. Value of pesticides distributed by:
  - (i) Marketing Cooperatives ... ..
  - (ii) Village Cooperatives ... ..
  - (iii) Total ... ..
4. Total value of pesticides distributed in the district ... ..

*Implements and plant protection equipment:*

1. No. of village societies undertaking distribution of implements and plant protection equipment ... ..
2. No. of marketing societies undertaking distribution of implements and plant protection equipment ... ..
3. Value of implements and plant protection equipment distributed in the area ... ..
4. Value of implements and plant protection equipment distributed by:
  - (i) Marketing Cooperatives ... ..
  - (ii) Village Cooperatives ... ..
  - (iii) Total ... ..

*Consumer Articles:*

1. Number of village societies undertaking distribution of consumer articles ... ..
2. Number of marketing societies undertaking distribution of consumer articles ... ..
3. Number of marketing societies selected under centrally sponsored scheme for distribution of consumer articles ... ..
4. Value of retail sale of consumer articles made by primary societies ... ..

General information on the following may also be furnished:

- (i) Wherefrom do village societies get their supplies of—
  - (a) Nitrogenous fertilizers;
  - (b) other fertilizers;
  - (c) seeds;
  - (d) implements;
  - (e) pesticides;
  - (f) consumer articles?
- (ii) What is the margin allowed to village societies for these various items?
- (iii) What are the rates of subsidies received from Government for these various items?

**NOTE**—Information has to be furnished for :

- (a) IADP blocks.
- (b) Non-IADP blocks.
- (c) Total for the district.

## STATEMENT IV

STATE ASSISTANCE TO VILLAGE SOCIETIES AS ON 30TH  
JUNE, 1964*Name of the district.*

1. Number of primary societies State partnered:	No.	Amount.
(a) Large sized societies ... ..	...	...
(b) Primary credit service cooperatives, multi-purpose societies and other village societies distributing credit ... ..	...	...
<b>Total</b> ...	...	_____

2. Number of societies for which assistance for construction of godowns has been given ... ..
3. Number of societies which have received assistance towards managerial staff ... ..
4. Number of societies which have been granted subsidy towards special bad debts reserve ... ..

Note—Information on the following may also be furnished—

- (a) Is Government contribution to share capital of village societies subject to matching contribution from members ?
- (b) What is the maximum contribution of State to share capital of societies ?
- (c) What is the quantum of assistance given for managerial subsidy and how is it phased ?
- (d) Is the Government or Central Bank appointing its nominees on the board of management of primary societies ?
- (e) Has weaker section of the community been really benefited by the scheme of subsidy for special bad debts reserve ?
- (f) Are there instances where state assistance was not utilised by the societies for the purpose for which it was sanctioned ?

STATEMENT V  
CENTRAL COOPERATIVE BANK

I. *General:*

- (a) Name of the Central Bank.....  
 (b) Date of registration .....  
 (c) Area of operations.....

II. *Membership and share capital:*

## (a) No. of members:

		1960-61	1961-62	1962-63	1963-64
(i) Individuals	...	...	...	...	...
(ii) Village credit societies	...	...	...	...	...
(1) Package societies	...	...	...	...	...
(2) Non-package societies	...	...	...	...	...
(iii) Other societies	...	...	...	...	...
(iv) Government	...	...	...	...	...
<b>Total</b>	...	.....	.....	.....	.....

## (b) Share capital collected from (Rs. in lakhs):

(i) Individuals	...	...	...	...
(ii) Societies	...	...	...	...
(iii) Government	...	...	...	...
<b>Total</b>	...	.....	.....	.....

III. *Deposits, reserves and borrowings:*

(a) Current deposits	...	...	...	...
(b) Savings deposits	...	...	...	...
(c) Fixed deposits	...	...	...	...
(d) Total deposits	...	...	...	...
(e) Borrowings from Reserve Bank:				
(i) Short term loans	...	...	...	...
(ii) Medium term loans	...	...	...	...
<b>Total</b>	...	.....	.....	.....
(f) Borrowings from other resources	...	...	...	...
(g) Bad debt reserve	...	...	...	...
(h) Agricultural stabilisation fund	...	...	...	...
(i) Other reserves	...	...	...	...
(j) Percentage of owned funds to working capital	...	...	...	...



STATEMENT V—*contd.*

	1960-61	1961-62	1962-63	1963-64
<b>IV. Credit limits from Reserve Bank:</b>				
(a) Credit limit sanctioned for:				
(i) IAD Programme	...	...	...	...
(ii) Other normal credit limit	...	...	...	...
(iii) Medium term loan	...	...	...	...
(b) Credit limits utilized:				
(i) Credit limit for IADP	...	...	...	...
(ii) Other normal credit limits	...	...	...	...
(iii) Medium term loans	...	...	...	...
<b>V. Investments:</b>				
(a) Loans issued to agricultural credit societies:				
(i) Short term loans:				
(1) To package societies	...	...	...	...
(2) To non-package societies	...	...	...	...
			<b>Total</b>	...
(ii) Medium term loans:				
(1) To package societies	...	...	...	...
(2) To non-package societies	...	...	...	...
			<b>Grand Total</b>	...
(b) Total loans issued to other than agricultural credit societies				
(c) Investments in Government securities				
(d) Investments in shares of other coop. institutions				
(e) Other investments:				
			<b>Total</b>	...
<b>VI. Overdues:</b>				
(a) Total demand	...	...	...	...
(b) Total collections	...	...	...	...
(c) Outstandings at the end of the year	...	...	...	...

## STATEMENT V—contd.

1960-61  
1961-62  
1962-63  
1963-64

(d) Overdue for:				
(i) Over 1 year	...	...	...	...
(ii) Over 2 years	...	...	...	...
(iii) Over 3 years	...	...	...	...
(iv) Total overdues	...	...	...	...
(e) Percentage of overdues to demand	...			
(f) Percentage of overdues to outstanding	...			
(g) Estimated bad debts	...	...	...	...
(h) How many village societies did not borrow from the central bank during:				
(i) 1963-64	...	...	...	...
(ii) Last two years	...	...	...	...
(iii) For over two years	...	...	...	...

VII. *Loans to agricultural credit societies selected for package programme (Position as on 30-6-64):*

(a) No. of agricultural societies applied for loan			
(b) Amount of loan applied for	...	...	...
(c) No. of societies granted loan	...	...	...
(d) Amount of loan granted	...	...	...
(e) Loans outstanding	...	...	...
(f) Loans extended	...	...	...
(g) Amount overdue	...	...	...
(h) Percentage of overdues to demands	...		
(i) Percentage of overdues to outstanding	...		

VIII. *Interest margins:*

What are the lending rates to agricultural societies for various types of loans.

IX. *Staff (as on 30-6-64).*

Category	Scale of pay	No. of posts

NOTE—Information should be furnished for each central bank separately if there is more than one central bank in the district. Action taken to amalgamate the banks may also be indicated.

STATEMENT VI  
MARKETING COOPERATIVES

Name of the district.

	1960-61	1961-62	1962-63	1963-64
1. No. of primary marketing societies ... ..				
2. No. of new societies organised during the year				
3. Membership:				
(a) Individuals ... ..				
(b) Societies ... ..				
<b>Total</b> ... ..				
4. Share capital collected from:				
(a) Individuals ... ..				
(b) Societies ... ..				
(c) State Government ... ..				
5. No. of village societies in the area yet to be affiliated to the marketing societies ... ..				
6. Value of produce handled:				
(a) As agents ... ..				
(b) As owners (outright purchases) ... ..				
<b>Total</b> ... ..				
7. No. of village societies in respect of which members' loans were recovered by marketing societies from the sale of produce ... ..				
8. Amount involved in col. 7 ... ..				
9. Percentage of col. 8 to the total loans advanced by village societies in the area ... ..				
10. Value of pledge loans given ... ..				
11. Are marketing societies giving production loans direct to individuals? If so, indicate the number of such societies and amount involved ... ..				
12. No. of societies having trained managers ... ..				
13. No. of societies which have received managerial assistance from Government ... ..				
14. No. of societies working on profit ... ..				
15. Total amount of profit earned ... ..				
16. No. of societies working on loss ... ..				
17. Total amount of loss sustained ... ..				
18. No. of societies working at no-profit-no-loss ... ..				

## STATEMENT VII

AGRICULTURAL PROGRESSING SOCIETIES IN I. A. D. P.  
BLOCKS

Information may be given commodity-wise e.g. rice mills, oil Mills,  
cotton gins, cane crushers etc.

Name of the district.

	1960-61	1961-62	1962-63	1963-64
1. No. of processing units installed and functioning at the end of the year :				
(a) By marketing societies ... ..				
(b) By independent processing units ... ..				
Total ... ..				
2. Quantity of agricultural produce processed during the year ... ..				
3. Value of agricultural produce processed during the year ... ..				
4. No. of units under installation :				
(a) By marketing societies ... ..				
(b) By independent processing units ... ..				
5. No. of processing units for which Government assistance was given but which are yet to be taken up for installation ... ..				

NOTE—Information on the following may also be furnished:—

- (a) Reasons for delay in installation of units for which Government assistance was given.
- (b) Do the processing units buy agricultural produce outright from non-member also ?
- (c) Is there a system of pooling of produce ?
- (d) Has a survey been undertaken in the IADP districts to assess the requirements of various types of processing units in the cooperative sector ? and if so, what are the results of the survey ?

STATEMENT VIII  
GODOWNS

*Name of the district.*

	Capacity Number in tons.
1. Storage capacity available with cooperatives (Information as on 30-6-64):	
(a) Godowns in the district owned by Apex marketing societies at:	
(i) Railheads       ...    ...    ...    ...	
(ii) Other than railheads   ...    ...    ...	
(b) Godowns hired by apex marketing society at:	
(i) Railheads       ...    ...    ...    ...	
(ii) Other than railheads   ...    ...    ...	
(c) Godowns constructed by regional/district/ primary marketing societies at:	
(i) Railheads       ...    ...    ..    ...	
(ii) Other than railheads   ...    ...    ...	
(d) Godowns rented by district/regional/pri- mary marketing societies at:	
(i) Railheads       ...    ...    ...    ...	
(ii) Other than railheads   ...    ...    ...	
(e) Godowns constructed by village societies ...	
(f) Godowns rented by village societies ...	
(g) Total number of godowns and capacity avail- able with cooperatives in the district ...	
(h) Total number and capacity of godowns re- quired to saturate the district ...    ...	
2. State Assistance for marketing societies:	
(a) No. of godowns for which assistance was given	
(b) Of (a), number of godowns constructed ...	
(c) No. of godowns under construction...    ...	
(d) No. of godowns which are yet to be taken up for construction    ...    ...    ...	
3. State assistance for village societies:	
(a) No. of godowns for which assistance was given    ...    ...    ...    ...    ...	
(b) Of (a), number of godowns constructed ...	
(c) No. of godowns under construction ...	
(d) No. of godowns which are yet to be taken up for construction    ...    ...    ...	
4. Reasons for not completing construction of a large number of godowns for which assistance was given by the Government    ...    ...	
5. Has a survey been undertaken to assess the re- quirements of storage space for (i) farm supplies and (ii) marketing of agricultural produce? If so, what is the capacity required for each of them and how is it proposed to be met?    ...    ...	

## STATEMENT IX

## COOPERATIVE FARMING

*Name of the district.*

1. Number of joint farming societies in

(i) IADP Blocks.

(a) Under pilot projects.

(b) Under non-pilot projects.

2. Number of collective farming societies.

3. Information in respect of the following should be furnished separately for societies of each type in IADP and non-IADP blocks and total figures for societies in each category should be furnished:

(a) Number of members as on 30.6.64.

(b) Share capital contributed by members.

(c) Share capital contributed by Government.

Total:

(d) Area of land pooled in joint farming societies.

(e) Area of land belonging to members not pooled in joint farming societies.

(f) Amount of reserve fund as on 30-6-64.

(g) Loans taken from the Central Bank during 1963-64.

(h) Loans repayed to the central bank during 1963-64.

(i) Balance outstanding against societies as on 30-6-64.

(j) Number of societies working at profit.

(k) Number of societies suffering losses.

4. Indicate the technical assistance received from the Agriculture Department.

5. Information about the staffing pattern in the societies may be furnished.

6. Whether the societies are working as registered growers or their farms are being utilised as seed multiplication farms by the Agricultural Department?

7. A brief note indicating the manner in which the societies are working should be furnished.

8. Remarks.

## QUESTIONNAIRE I

(While answering the questions please furnish as much information as possible)

Name of the district.

## CREDIT

## A. Village societies :

- (1) What types of village societies for providing agricultural credit exist in the district?
- (2) How is the area of operation of a village society fixed? Is the jurisdiction of a village society overlapping with another?
- (3) What is the agency for writing accounts and managing the day to day business of a society; is it done by a paid manager/secretary or by an honorary secretary? In the latter case what is the remuneration paid to an honorary secretary?
- (4) Have any studies been started for locating the viable or potentially viable societies? If so, what is the progress made in respect of these studies?
- (5) Indicate the progress of revitalisation of village societies so far.
- (6) What is the arrangement for training the paid/honorary secretaries of village societies?
- (7) (a) What is the maximum credit limit of a member?  
 (b) How is the maximum credit limit of a member fixed? Is any sanction necessary under the rules from the Assistant/Deputy Registrar of Cooperative Societies?  
 (c) Does the central bank approve the credit limit of individual members? If so, what is the procedure?
- (8) (a) What is the linkage of shares held by a member to his loans taken from the society?  
 (b) Is the share capital from a member collected in lump-sum, instalments or by adjustment from loans? Explain the procedure.
- (9) (a) Has a system of crop loan been introduced? If so, what are the norms fixed for different crops?  
 (b) What is the basis for fixation of norms?  
 (c) Are the present scales of finance considered adequate?  
 (d) Is there generally a difference between loan requirements as worked out in production plans and loans actually given to members? If so, reasons of and criteria for such reduction may be given.
- (10) Is seasonality of loaning introduced in the district? If so, how many times and within what periods short term or crop loans are given to members in a year?

(11) Are loans issued before sowing season?

(12) Are the due dates for repayment of loans fixed according to harvest time? Please furnish following details:

Crop	Harvesting time	Time by which marketing is expected	Due date for repayment of loan
------	--------------------	---	--------------------------------------

- (13) How is repaying capacity of a member determined for: (a) short term loans; and (b) medium term loans? Indicate the procedure.
- (14) Is there generally any difference between the loan requirement as worked out in the production plans and the repaying capacity determined by a society?
- (15) Does a society give consumption loans to members? If so, what is the maximum amount of such loans given?
- (16) What is the system followed for obtaining security for: (a) short term loans; and (b) medium term loans?
- (17) Have rules been framed for extension of period of repayment of loans granted to members in the event of: (a) failure of crops; and (b) other genuine causes such as sickness, death etc.? If so, a copy of the rules may be furnished.
- (18) What is the procedure for estimating: (a) bad; and (b) doubtful debts?
- (19) Has any use been made of the special bad debt reserve sanctioned to societies previously? If so, explain the position.
- (20) Indicate the procedure for preparation of loan applications of members and their sanction (whether any prior approval of the central bank for financing individual cultivators is obtained by the society)?
- (21) What is the time lag between the preparation of loan applications and their sanction?
- (22) What is the method of disbursement of loans to members—whether individual members have to go to central bank's branches for getting the loans or whether the society, through its representatives, gets money and disburses?
- (23) What are the rules for financing the tenant farmers and how do they differ from those for owner cultivators?
- (24) Indicate the extent to which compulsion is enforced on members to take a portion of the loan in kind viz. in the shape of seeds, chemical fertilizers etc. Proportion of cash and kind loan to be given to a member may be indicated.
- (25) How is the utilization of loan by a member supervised?



- (26) Has the society framed rules for accepting compulsory thrift deposits? If so, what is the rate of interest paid on such deposits? Copy of the rules generally enforced in the district for thrift deposits and other deposits may be furnished.
- (27) How many societies are actually doing service functions or multi-purpose functions? What are these functions and what are the commodities that are dealt with?
- (28) What are the purposes for which medium term loans are given by societies in the district?
- (29) What is the rate of interest charged by village societies? Is there any penal rate of interest charged?
- (30) Does a society take agreement from a member for selling his produce through it or through a marketing society? If so, to what extent these agreements have been fulfilled? An assessment may be given.
- (31) How many societies have undertaken supply of consumer goods in rural area? Attach a brief note indicating the extent to which this business is being done in the district and arrangements made for purchase of consumer goods at wholesale rates and the organisational pattern for the purpose?

**B. Central Bank :**

- (32) How many cooperative central banks are there in the district and what is the programme of amalgamation of central banks if there is more than one bank?
- (33) *Membership :*
  - (a) What is the number of individual members in the bank?
  - (b) How many representatives of individuals are there on the board of management?
  - (c) How many of the primary agricultural societies are not affiliated to the bank? What are the reasons?
- (34) *Resources :*
  - (a) (i) Are loans to agricultural societies from the bank linked to their share capital in the central bank? If so, what is the proportion?
  - (ii) What is the linkage of share holding to borrowing between the central and apex banks?
  - (b) What special steps are being taken by the central bank to increase deposits?
  - (c) Has the central bank drawn up the total requirements of agricultural credit in the district taking into consideration the resources of the societies? If so, the total requirements may be indicated for the last two years, the extent to which these requirements have been fulfilled by the cooperative agency and the gap, if any. What is the programme for the years 1965-66, 1966-67 and 1967-68?
  - (d) In relation to the requirement of agriculture credit to be supplied by the central bank, what is the amount of share capital to be contributed by the government during the next three years?

- (e) Has State Government given permission for investment of surplus fund of municipalities, panchayats, educational institutions, trusts etc. in the central bank?
- (f) Is the central bank able to meet the loan requirements of all agricultural societies for all crops?
- (g) Has the bank been able to utilize the entire credit limit sanctioned by the Reserve Bank? If not, what is the difficulty both in respect of short as well as medium term loans?
- (h) Are taccavi loans being given direct to cultivators by government for the same purposes for which agricultural societies are giving loans?

(35) *Loaning procedure :*

- (a) What are the norms evolved for financing various crop *vis-a-vis* package of practices (copy of relevant circulars to be furnished)?
- (b) In the agricultural societies selected for package programme, are non-package loans also being given?
- (c) What is the basis for determining the quantum of loan to be sanctioned to an agricultural society?
- (d) Are the loans to package societies strictly based on production plans?
- (e) How is the principle of seasonality in the issue and recovery of loans to agricultural societies being followed?
- (f) What are the rules for extension of period of repayment of loans by agricultural societies in the case of crop failures etc. (copy of rules to be furnished).
- (g) Furnish copy of rules framed for utilization of special bad debts reserve.
- (h) Are there any restrictive features in the byelaws of central banks or of primary societies to orient loans to production (copy of byelaws of central bank and model byelaws of village societies in English to be furnished)?
- (i) How are bad and doubtful debts estimated at the central bank level.
- (j) What is the amount credited to agricultural credit stabilisation fund every year?
- (k) What is the procedure for scrutiny of applications and sanction of loans?

- (l) What is the programme of establishing branches?
- (m) How are the branches being utilized and are they effective in increasing the deposits of the bank?
- (n) Are there advisory committees for these branches? If so, have they been empowered to sanction loans?
- (o) What is the normal time lag between the application for loan by an agricultural society and final disbursement of loan to the society?
- (p) Explain the system of sanctions and operation of cash credits by the central bank to village societies.
- (q) What are the criteria for financing defaulting societies for financing their non-defaulting and new members?
- (r) What is the percentage of village societies which are not financed due to (i) default and (ii) for other reasons?
- (s) Did the central bank refuse loans to any society or curtail accommodation asked for by any of them during the last two years? If so, on what grounds?

(36) *Supervision:*

- (a) Are the supervisors employees of the central bank/deputed by the Govt. to work in the central bank/Govt. employees?
- (b) Indicate the system of control exercised by the bank management over the supervisors.
- (c) What is the average number of agricultural societies per supervisor?
- (d) Has a calendar of work been drawn up for supervisors?
- (e) How is the work of supervisor controlled?
- (f) What is the special staff for developmental work?
- (g) What is the special staff in the central bank for promoting linking of credit with marketing?
- (h) What is the number of trained and untrained supervisors in the district?

(37) *Overdues:*

What is the action taken to liquidate overdues? Indicate the recovery machinery in the district.

(38) *Reorganisation:*

How is the bank associating itself with the programme of reorganisation and revitalization of village societies—programme of amalgamation, liquidation etc.

(39) *Coordination:*

(a) How is the bank associated with other agencies like panchayat institutions and other extension agencies?

(b) How has the bank been associated with the programme of IADP in its area?

(c) How are the bank staff associated with production plans?

(40) Has the central bank appointed 4 key personnel viz., (1) Manager; (2) Executive Officer; (3) Chief Accountant; and (4) Officer incharge, Marketing Societies. (As suggested in the Action Programme circulated to State Govts. in the Min. of CD&C's letter No. F. 8-4/63-UT dated 13-3-64).

(41) *Long term credit:*

Has the district got one or more land mortgage banks? If so, their number and location may be indicated?

(42) What are the purposes for which long term loans are given by land mortgage banks in the district?

(43) What is the coordination between the central bank and village societies as well as the land mortgage bank in respect of purposes for which long and medium term loans are granted?

(44) Are provisions made in the farm plans for long term credit particularly for sinking and repairing of wells, bunding, purchase of farm machinery particularly tractors and heavier type of implements, constructing and repairing the field channels and other minor irrigation works etc.?

(45) What is the amount of long term loan given by way of taccavi in the district in a year during the last 3 years and how does it compare with the long term loans given by the land mortgage bank?

(46) What is the security taken by land mortgage bank for loans to members of coop. societies who have created a charge on their lands in favour of the societies?

*Remarks:* Any other information relevant to the implementation of the package programme and the views of the central bank on the subject may also be indicated.

## QUESTIONNAIRE II

Name of the district.

## MARKETING AND PROCESSING

(1) *Marketing structure:*

- (a) How many marketing societies are located at places other than market centres?
- (b) What is the number of secondary markets for agricultural produce in the district?
- (c) How many of these secondary markets are yet to be covered by Regulated Market Acts?
- (d) What is the representation given to the marketing societies on the market committees?
- (e) What is the cooperative marketing structure in the district (primary marketing societies, district marketing societies and regional marketing societies)?
- (f) How many commodity marketing societies are there in the district dealing with specific commodities?

(2) *Membership:*

- (a) What is the reason for not affiliating all village societies as members of marketing societies in the area?
- (b) What is the representation given to village societies on the board of management of marketing societies?
- (c) Are sympathiser members admitted in the marketing societies?
- (d) What specific measures are taken to ensure that traders do not become members of managing committees of marketing societies?

(3) *Marketing operations:*

- (a) How many societies are not undertaking actual marketing of agricultural produce and what are the reasons for the same?
- (b) How many marketing societies are undertaking outright purchases from members?
- (c) How many societies are giving pledge loans to members (furnish a copy of the rules governing pledge loans)?
- (d) What is the procedure for collection transport, grading and processing of produce from members?
- (e) How are the services of village societies utilized for collection of produce?
- (f) What is the procedure for payment of the value of produce collected from members?
- (g) What is the procedure for determination of price of produce collected from members? Who determines the price?
- (h) What are the incentives given to members of village societies to market their produce through the marketing societies?

- (i) Does the compulsion to sell through the marketing societies act as deterrent to flow of credit?
  - (j) What is the assistance and support given by district/ regional/apex marketing societies to the primary marketing societies?
  - (k) What is the role played by cooperative marketing societies in the implementation of the government scheme of price support to agricultural produce?
  - (l) What is the approximate percentage of marketed surplus of agricultural produce in the area handled by cooperatives?
  - (m) How many of the marketing societies do not have trained managers?
  - (n) What are the powers given to the managers for purchase and sale of agricultural produce (copy of rules or instructions to be furnished)?
  - (o) What are the difficulties experienced by marketing societies in respect of the following: —
    - (i) Meeting the requirements of finance for working capital.
    - (ii) Operations in the markets.
    - (iii) Recruitment of trained personnel.
    - (iv) Storage.
    - (v) Transport.
    - (vi) Processing facilities.
    - (vii) Taxes.
  - (p) Has a phased programme of marketing and linking of credit with marketing been drawn up? If so, the targets and achievements may be indicated for the last 3 years.
  - (q) How many societies have been selected to be covered under the scheme of government contribution to the price fluctuation fund of marketing societies?
- (4) *Processing:*
- (a) Has a survey been undertaken to assess the requirements of processing facilities for various crops in the area? If so, what is the result of the survey and is any programme being drawn up according to the survey indications?
  - (b) What is the pattern of organisation of processing units in the district? (Are processing units being started as independent societies or as adjunct to marketing societies?).
  - (c) How many of the existing units are not utilizing the installed capacity fully?
  - (d) Do the processing units make outright purchase of produce from members or non-members?
  - (e) How many societies which have received assistance for setting up processing units are yet to instal the units and what are the reasons for the same?

- (f) What are the difficulties experienced by cooperative processing units in respect of the following:—
- (i) Obtaining of licences.
  - (ii) Obtaining of machinery.
  - (iii) Securing capital for installing units.
  - (iv) Securing working capital.
- (g) How many units are working at profit?
- (h) How many units are working at loss?

### QUESTIONNAIRE III

Name of the district.

(1) Godowns:

- (a) Has a survey been undertaken in the district to assess the requirements of rail head, mandi level and rural godowns for farm supplies and also for marketing of agricultural produce? If so what are the results of the survey? Has a programme been drawn up to locate godowns at various places to meet the requirements as indicated by the survey?
- (b) What action has been taken to ensure supply of cement, iron and steel and other requirements to cooperatives for construction of their godowns in time?
- (c) How many of the marketing and village societies' godowns are not being fully utilized?
- (d) How many of the marketing societies have defaulted in repayment of instalment on government loans sanctioned to them for construction of godowns?
- (e) How many of the village societies have defaulted in repayment of instalment of government loans sanctioned to them for construction of godowns?
- (f) Is repayment of instalment generally being made out of the earnings of societies or from their share capital or other sources?

(2) Farm Supplies:

- (a) What is the procedure for procurement and distribution in the district in respect of the following:
  - (i) Nitrogenous fertilisers.
  - (ii) Super phosphates.
  - (iii) Other fertilizers.
  - (iv) Seeds.
  - (v) Pesticides.
  - (vi) Implements and pesticides equipments.

- (b) Are government or private agencies undertaking distribution of these various agricultural requisites in the district? If so, details may be furnished?
- (c) Are there areas where agriculturists have to go a long way to obtain fertilisers or other agricultural requisites?
- (d) What are normally the working hours of coop. sale points?
- (e) Are the margins allowed to coops. at various levels for distribution of these various requisites sufficient? (Indicate the margins available on different items to different agencies.)
- (f) Have the marketing coops. or village coops. any difficulty in obtaining finances for working capital for undertaking distribution work? If so, an indication of difficulties in the light of experience may be given.

#### QUESTIONNAIRE IV

*Name of the district.*

##### ADMINISTRATION, TRAINING AND COORDINATION

1. Furnish a statement showing the normal cooperative staff and additional cooperative staff provided during the year prior to the implementation of the IADP and as on 30-6-64 in the district, (i) Supervisors, (ii) Extension Officers, (iii) Inspectors, (iv) auditors—sub-auditors, (v) Assistant Registrars, (vi) Deputy Registrars etc.

2. Under whose control the normal and additional cooperative staff is working? Details may be furnished.

3. Has any special staff for recovery of overdues in district been provided? If so, furnish details.

4. What is the special staff for liquidation of societies? What is the procedure for appointment of liquidators?

5. What is the number of peripatetic units in the district? Under whose supervision and control are they working? Is the local district cooperative union or the Deputy Registrar supervising the programme of training of members of cooperative societies?

6. Has any training programme for instructors in peripatetic units, in the concept of IADP been arranged in the district? If so furnish details.

7. Has any special training been given by the National Cooperative Union to the instructors of the peripatetic units in the concept of IADP? If so, how many instructors are trained?

8. Furnish details of the work done by the peripatetic units?



9. Number trained :                    1960-61   1961-62   1962-63   1963-64
- (a) Office bearers.
- (b) Members of the managing committee or panchayats.
- (c) Ordinary members of co-operatives.

10. Is any programme of holding study circles for imparting training to members of coop. societies being carried out according to the new scheme of training? If so, furnish details.

11. What is the average number of village societies per supervisor?

12. Has integration of package and non-package supervisors been brought about?

13. How often the Registrar of Cooperative Societies and the Jt. Registrar incharge of the programme subject—credit, marketing etc. visited the district? Give dates of the visits of these officers during the last 3 years?

14. Is there a district cooperative union in the district? If so, please indicate its functions, constitution and sources from which funds are raised.

15. What is the rate of contribution to the district union from various types of societies?

16. Give composition of the coordination committees and whether adequate representation has been provided to the cooperative central bank, marketing societies etc. in the district level coordination committee and to the apex bank and apex marketing society to the state level coordination committee. How often these coordination committees met during the last 3 years? Details may be furnished.

17. What is the relationship of zila parishad, panchayat samitis and village panchayats in the implementation of the intensive agricultural distt. programme? A detailed note on the subject may be furnished.

18. Remarks.

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**ANNEXURE I**  
**Coverages under the Intensive Agricultural District Programmes and Cooperatives**

Name of the district (Year of introduction of Programme in brackets)	Total No. of villages covered under the programme in the district		Percentage of villages covered		Total number of primary agricultural credit societies		Percentage of villages covered by Primary Credit societies as on 30-6-64		Total No. of members of cooperative societies (In lakhs)		Percentage of coverage of agricultural families by cooperatives in the state as a whole		
	2	3	4	5	6	7	8	9	10	11	12	13	14
	In the year of introduction of the programme		As on 30-6-64		In the year of introduction of the Programme		In the year of introduction of the programme		In the year of introduction of the programme		In the year of introduction of the programme		
1. Thanjavur (60-61)	2657	317	957	11.93	36.01	1102	1614	100	100	2.74	4.07	100	100
2. West Godavari (60-61)	911	170	852	18.68	97.91	394	427	98	97	1.67	1.78	618	28
3. Shababad (60-61)	3081	174	2687	5.65	87.21	1198	1722	96	65	0.30	0.73	43	19
4. Raipur (61-62)	3855	446	2147	11.57	55.69	1347	1025	100	83	0.91	1.30	53	28
5. Aligarh (61-62)	1746	236	1746	13.52	100	538	549	100	100	0.95	1.09	57	44
6. Ludhiana (61-62)	1004	202	922	20.11	91.83	919	944	100	100	0.99	1.16	96	64
7. Pali (61-62)	866	274	749	31.64	86.49	421	444	96	80	0.30	0.45	47	29
8. Mandya (62-63)	1329	320	638	24.08	48.01	292	308	100	95	0.70	0.78	67	57
9. Surat (62-63)	2198	2198	862	100	100	641	673	96	99	1.08	1.18	41	47
10. Sambalpur (62-63)	3426	759	862	2.15	25.16	594	173	100	45	0.44	0.88	27	47
11. Alleppey (62-63)	99	36	50	26.36	50.51	409	467	100	99	1.24	1.56	100	50
12. Palghat (62-63)	303	82	134	37.06	44.22	155	158	100	99	0.90	1.17	100	50
13. Burdwan (62-63)	2855	1710	1917	239.89	67.15	1026	1260	88	74	0.69	0.90	26	21
14. Bhandara (63-64)	1478	..	1241	..	83.96	791	794	100	99	0.76	0.83	47	57
15. Cachar (63-64)	20:9	..	160	..	7.93	821	745	95	63	0.84	0.86	60	19

Note: Year of introduction of the programme is shown in brackets in Column 1.

**ANNEXURE II**  
**Table showing a comparison of the scales of finance before and after the introduction of the Intensive Programme in the 15 Intensive Agricultural District programme districts**

Sr. No.	Name of the district	Before		After		As on 30-6-64 per acre	
		Basis of credit		Name of the crop		Cash	Kind
1	2	3	4	5	6	5	6
1	Thanjavur	..	On an ad hoc basis with reference to members assets and annual income.	..	Paddy	75	76
		..		..	Banana	..	130
		..		..	Sugarcane	10	440
		..		..	Groundnut	35	115
		..		..	Tobacco	175	325
		..		..	Paddy	100	67
2	Sambalpur	..	Repaying capacity as disclosed in N.C. Statement	..	Sugarcane	150	300
		..		..	Groundnut	125	127
		..		..	Wheat	95	91
3	Shahabad	..	Departmental instructions provided for provision of credit on the basis of production costs but these were not actually in force.	..	Paddy	80	150
4	Burdwan	..	Paddy	..	Wheat	60	120
		..	Rs. 150 per acre	..	Paddy	200	..
6	Ludhiana	..	1/3 of members estimated gross income	..	Jute	300	..
6	Surat	..		..	Scale of finance not introduced.		
		..		..	(Rs. per acre)		
		..		..	Paddy	75	55
		..		..	Sugarcane	200	350
		..		..	Groundnut	75	25
		..		..	Wheat	55	55
		..		..	Cotton	50	55
		..		..	Jowar	50	55
		..		..	Paddy	75	50
7	Palghat	..		..	Paddy (1st crop)	75	60
		..		..	Paddy (2nd crop)	75	60
		..		..	Bananas	150	195
		..		..	Groundnut	50	25
		..		..	Tobacco	50	40
		..		..	Coconut	100	40

## ANNEXURE II—contd.

1	2	3	4	5	6
8	Alleppey	.. .. No particular scale.	Paddy Tapioca Pepper Bananas Paddy Sugarcane Groundnut Vegetables Jowar (Dry) Jowar (Irrigated) Paddy Sugarcane Jute Paddy	.. .. .. .. .. .. .. .. .. .. .. .. .. .. ..	150 to 200 120 to 200 200 400 to 600 45 630 13 15 25 25 16* 20* 15* 60
9	Mandya	.. .. Paddy Sugarcane Dry Crops Dry Crops	.. .. 75 to 100 .. .. 250 to 300 .. .. 30 .. .. 50	.. .. .. ..	105 630 13 65 33 63 18 75 20 60
10	Cachar	.. .. No scale was fixed. Loans were advanced up to Rs. 200 subject to repaying capacity.	Paddy Sugarcane Jute Paddy	.. .. .. ..	16* 20* 15* 60
11	Bhandara	.. .. Paddy	.. .. 40 Cash .. .. 18 Kind	.. ..	60 60
12	Atigrash	.. .. Paddy (J) Paddy (O) Sugarcane Groundnut Tobacco Wheat Cotton	.. .. 45 .. .. 45 .. .. 207 .. .. 121 .. .. 155 .. .. 71 .. .. 39	.. .. .. .. .. .. ..	49 73 39 25 21 63 63
13	Pali	.. .. 1/3 on the basis of anticipated income.	.. .. 36 .. .. 36	.. ..	63 45
14	West Godavari	.. .. Paddy	.. .. 250 per acre for wet .. .. land 100 per acre .. .. for dry lands Rs. .. .. 35-00 per acre.	.. .. .. ..	45 20 36 .. 150 300-400 70 60 60 60 65
15	Raipur	.. .. Paddy	.. .. 35-00 per acre.	.. ..	60 60 60 65

\*Per bhiga (5 bhigas = 1 acre).

**ANNEXURE III**  
**Progress of Village Credit Societies in IADP Districts**

(Rs. in lakhs)

Sl. No.	District	No. of societies		Membership in lakhs		Share capital		Deposits		Loans advanced during the year		Percentage of overdues to outstanding	
		A	B	A	B	A	B	A	B	A	B	A	B
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Aligarh (U.P.)	538	549	0.95	1.09	37.60	46.25	5.96	9.92	130.90	115.9	7.2	33
2	Ludhiana (Punjab)	919	944	0.99	1.16	43.57	68.09	53.37	88.25	126.25	224.94	13.8	14
3	Pali (Rajasthan)	421	444	0.30	0.45	8.30	14.16	0.64	1.73	30.57	3.72	8	73
4	Raipur (M.P.)	1347	1025	0.91	1.30	24.37	45.35	17.88	28.83	190.96	172.13	7	30
5	Shahabad (Bihar)	1138	1722	0.30	0.73	4.06	14.89	0.63	1.47	12.21	49.06	17	12
6	Thanjavur (Madras)	1102	1614	2.74	4.07	40.65	83.02	21.87	33.69	213.81	425.73	5	28
7	West Godavari (A. P.)	394	427	1.67	1.78	51.62	66.54	27.18	28.49	313.47	240.50	15	25
	Total	5859	6725	7.86	10.58	214.17	338.30	127.43	190.38	1018.17	1232.03		
8	Alleppey (Kerala)	409	467	1.24	1.56	35.20	54.40	2.80	36.43	46.37	86.06	32	19
9	Falghat (Kerala)	165	158	0.90	1.17	23.08	29.96	43.83	53.57	109.77	129.12	17	14
10	Bhandara (Maharashtra)	794	794	0.76	0.83	45.49	48.16	4.73	6.40	91.72	76.64	48	41
11	Burdwan (W. Bengal)	1026	1260	0.69	0.86	20.20	34.00	2.77	8.00	75.03	114.76	40	27
12	Cachar (Assam)	821	745	0.84	0.86	10.00	10.31	0.43	0.53	7.57	5.06	82	89
13	Mandya (Mysore)	292	308	0.70	0.78	25.94	29.76	1.53	1.81	86.57	83.81	5.5	53
14	Sambalpur (Orissa)	594	173	0.44	0.88	20.45	24.66	9.08	10.62	51.35	57.28	29	46
15	Surat (Gujarat)	461	673	1.08	1.18	44.00	50.23	39.54	67.80	98.80	148.21	30.5	27
16	Delhi	346	333	0.24	0.25	24.87	27.22	8.31	12.32	48.26	49.67	63.15	27.15
17	Mandi (H.P.)	185	216	0.17	0.30	4.02	6.55	0.43	5.58	2.95	10.20	52	20
	Total	5263	5127	7.06	8.71	258.19	315.25	113.46	187.06	616.39	760.81		
	GRAND TOTAL	11122	11852	14.92	19.29	467.36	663.55	240.89	377.44	1634.58	1992.84		

A = Before introduction of the programme.  
B = As on 30-6-64.

## ANNEXURE IV

Total credit provided by primary societies before the introduction of Programme and as on 30-6-64—Number of farm plans prepared and consumption of fertilizers during first year of the programme and as on 30-6-64

Sl. No.	Name of the district	Total Advances made by various societies before and after the programme		Number of farm plans prepared		Consumption of fertilizers	
		Before	After (during the year 1963-64)	First year of the Programme	As on 30-6-64	First year of the Programme (Tonnes)	As on 30-6-64 (Tonnes)
1	2	3	4	5	6	7	8
		(Rs. in lakhs)	(Rs. in lakhs)				
1	Thanjavur ..	213.81	425.73	36,683	1,05,437	31,034	63,768
2	Sambalpur ..	51.35	57.28*	23,062	29,280	3,608	9,718
3	Shahabad ..	12.21	49.06	2,033	68,240	9,077	21,041
4	Burdwan ..	75.03	114.76	1,500	69,209	9,316	22,462
5	Ludhiana ..	126.25	224.94	19,926	39,908	13,383	24,000
6	Surat ..	98.80	148.21	70,770	87,429	16,514	20,263
7	Palghat ..	108.77	129.12	7,382	23,848	8,904	11,530
8	Alleppey ..	46.37	86.06	36,718	45,912	14,487	16,427
9	Mandya ..	86.57	83.81	24,945	63,204	38,025	62,510
10	Cochin ..	7.57	5.06	410**	410**	243	243
11	Bhandara ..	91.72	76.64	27,491	27,491	4,946	4,946
12	Aligarh ..	130.90	115.95	9,171	96,258	2,276	10,481
13	Pali ..	30.57	3.72	7,100	26,115	1,787	1,044
14	West Godavari ..	313.47	240.50	10,571	1,16,943	23,273	78,484
15	Raipur ..	190.96	172.13	20,000	74,678	10,315	12,688
		1,584.35	1,932.97	3,07,762	8,66,089	..	3,55,596

\*Issued by the central bank to societies as the date relating to loans advanced by the societies are not available.

\*\*Plans executed on an experimental basis.

## ANNEXURE V

*Targets of distribution and achievement in consumption of fertilisers  
in Intensive Agricultural District Programme Districts*

District	(Tonnes)							
	1960-61		1961-62		1962-63		1963-64	
	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement
Aligarh .. ..	7,000	1,936	6,500	2,276	8,200	5,158	14,278	10,481
Ludhiana .. ..	5,500	5,599	10,745	13,383	35,850	17,066	34,500	24,000
Pali .. ..	N.A.	530	1,150	1,787	2,400	1,849	4,500	1,044
Raipur .. ..	11,550	6,036	6,000	10,316	22,100	11,744	26,000	12,688
Shahabad* .. ..	N.A.	9,077	N.A.	14,728	12,000	20,872	48,000	21,041
Thanjavur* .. ..	18,432	31,034	N.A.	38,577	20,780	52,909	33,447	63,788
West Godavari .. ..	N.A.	23,273	54,500	50,929	78,376	69,671	76,072	78,484
Alleppey .. ..	..	..	..	11,648	32,865	14,487	41,101	16,427
Palghat .. ..	..	..	..	3,756	14,882	8,904	38,804	11,520
Bhandara .. ..	..	..	..	3,733	N.A.	2,439	21,780	4,946
Burdwan .. ..	..	..	..	4,694	N.A.	9,316	17,088	22,462
Cachar .. ..	..	..	..	..	N.A.	70	N.A.	243
Mandya .. ..	..	..	..	22,323	31,000	38,025	54,000	62,510
Sambalpur .. ..	..	..	..	1,394	2,561.71	3,608	N.A.	5,718
Surat .. ..	..	..	20,212	12,986	13,200	16,514	20,200	20,263

\*For Shahabad and Thanjavur districts the achievements are for the whole districts. Consumption of fertilizers for package area was as under. Target given relates to Package area only.

	1960-61	1961-62	1962-63	1963-64
Shahabad .. ..	..	..	..	..
Thanjavur .. ..	..	..	..	..

## ANNEXURE VI

Statement showing the requirements of finance as indicated in Farm Production Plans and the extent to which finance was provided by co-operatives in 1963-64

Name of the district	No. of farm plans prepared	Number of members of co-operatives for whom farm plans were prepared	Number of members having farm plans financed by co-operatives	Estimate of credit requirements of members of co-operatives as per Production Plans	Of 4 credit actually disbursed by co-operatives
(1)	(2)	(3)	(4)	(5)	(6)
				Rs. in lakhs	Rs. in lakhs
1. Thanjavur .. .. .	1,05,437	72,824	49,012	225.47	146.99
2. West Godavari .. .. .	1,16,948	81,730	41,428	817.55	176.99
3. Shahabad .. .. .	66,743	48,519	35,983	60.38	47.99
4. Raipur .. .. .	98,596	98,596	45,201	300.00	172.12
5. Aligarh .. .. .	96,258	47,672	34,497	350.00	90.86
6. Ludhiana .. .. .	39,908	136	136	0.74	0.71
7. Pali .. .. .	26,115	7,169	1,270	N.A.	1.89
8. Mandya .. .. .	63,204	35,883	26,307	80.00	72.14
9. Surat .. .. .	87,420	72,752	34,903	N.A.	112.99
10. Sambalpur .. .. .	29,280	14,319	12,111	43.00	N.A.
11. Alleppey .. .. .	57,966	21,598	3,595	65.10	18.78
12. Palghat .. .. .	23,848	17,067	5,603	25.00	18.94
13. Burdwan .. .. .	80,623	40,591	25,214	N.A.	128.63
14. Bhandara .. .. .	27,491	17,188	N.A.	69.84	14.45
15. Cachar .. .. .	410	1,107	400	1.01	0.66



## ANNEXURE VIA

Statement showing land under cultivation, scale of finance, credit requirements on the basis of acreage in Intensive Agricultural District Programme Districts

(Rs. in lakhs)

Serial No.	Name of the district	Crops	Total land under cultivation under important crops in the districts	Scale of outlay per acre	Estimated outlay on the basis of acreage
1	2	3	4	5	6
			(Acres)	(Rs.)	
1.	West Godavari ..	Rice ..	9,11,000	150	1,366.50
		Sugarcane ..	25,000	500	125.00
		Chillies ..	12,500	400	50.00
		Banana ..	7,000	N.A.	N.A.
		Tobacco ..	38,000	400	152.00
		Groundnut ..	19,000	400	76.00
		Fruits and Vegetables ..	30,000	N.A.	N.A.
			10,42,500		1,769.50
2.	Thanjavur ..	Paddy ..	11,03,000	150	1,654.50
		Banana ..	N.A.	130	
		Groundnut ..	N.A.	150	
		Vegetables ..	N.A.	120	
		Tobacco ..	N.A.	500	
			11,03,000		1,654.50
3.	Sambalpur ..	Paddy ..	13,45,800	157	2,112.91
		Sugarcane ..	11,050	450	49.53
		Groundnut ..	13,000	252	32.76
		Maize ..	1,642	327	5.37
		Pulses ..	3,09,508	103	318.79
		Jute and Mesta ..	8,602	250	21.51
		Wheat ..	3,136	186	5.83
		Potato ..	3,108	648	20.14
			16,95,846		2,566.84

## ANNEXURE VIA—contd.

1	2	3	4	5	6
4. Raipur		Paddy ..	17,13,000	35(J)/1 110	2,312.55
		Wheat ..	23,000	115	26.45
		Gram ..	25,000	N.A.	
		Groundnut ..	11,800	125	14.75
		Cereals ..	81,000	N.A.	
		Pulses ..	6,10,000	N.A.	
		Vegetables ..	33,600	N.A.	
		Fruits ..	180,500	N.A.	
		Sugarcane ..	19,000	N.A.	
		Oilseeds ..	1,05,000	N.A.	
			28,01,900		2,353.75
5. Bhandara	..	Paddy ..	6,60,000	120	793.08
		Wheat ..	77,800	80	62.24
		Rabi Jowar ..	87,700	50	43.85
		Kharif Jowar ..	8,200	N.A.	
		Tur ..	15,000		
		Gram ..	25,000	35	8.96
		Groundnut ..	1,200	N.A.	
		* Rape, Mustard and Linseed ..	1,30,000	N.A.	
		Sesamum ..	1,200	N.A.	
		Sugarcane ..	1,800	N.A.	
			10,09,400		903.13
6. Cachar	..	Sali ..		Per bigha	
		Ahu ..	4,84,000	34	164.56
		Burro ..			
		Sugarcane ..	9,000	110	9.90
		Jute ..	N.A.	39	
		Potato ..	4,000	120	4.80
		Mustard seeds and pulses ..	N.A.	8	
			4,97,000		179.26
7. Surat	..	Paddy ..	3,36,000	130	436.80
		Jowar ..	2,51,000	105	263.55
		Wheat ..	29,000	110	31.90
		Millets ..	39,000	N.A.	..
		Pulses ..	1,65,000	N.A.	..
		Cotton ..	3,78,000	105	396.90
		Groundnut ..	1,05,000	100	105.00
		Santump ..	4,000	N.A.	..
		Banana ..	9,000	N.A.	..
		Mango ..	27,000	N.A.	..
		Chillies ..	9,000	N.A.	..
		Sugarcane ..	12,000	550	66.00
			13,64,000		1,300.15

## ANNEXURE VIA—contd.

1	2	3	4	5	6
7. Shahabad	..	Maize ..	N.A.	135	..
		Hybrid Maize ..	N.A.	200	..
		Bhadai crops ..	N.A.	90	..
		Paddy ..	10,10,569	150	1,516.50
		Wheat ..	1,33,037	120	159.60
		Potato ..	N.A.	600	..
		Sugarcane ..	N.A.	..	..
				11,43,606	
9. Maudya	..	Paddy ..	1,51,979	150	228.00
		Ragi ..	2,72,704	58.88	240.24
		Groundnut ..	N.A.	100—110	..
		Sugarcane ..	31,339	530	164.50
		Vegetables ..	N.A.	80	..
		Potato ..	N.A.	287	..
		Mulberry ..	N.A.	240—300	..
				4,56,022	
10. Aligarh	..	Wheat ..	2,51,000	156	391.56
		Bajra ..	2,52,000	84	211.08
		Maize ..	1,07,000	228	243.96
		Barley ..	1,36,000	156	212.16
		Gram ..	1,00,000	96 <sup>s</sup>	96.00
		Peas ..	1,73,000	96	166.08
				10,19,000	
11. Palghat	..	Paddy I ..	2,68,000	125	335.00
		II ..	2,00,000	135	270.00
		III ..	13,000	125	16.25
		Coconut ..	40,000	140	56.00
		Arecanut ..	21,000	230	48.30
		Groundnut ..	31,000	75	23.25
		Cotton ..	19,000	90	17.10
		Sugarcane ..	2,000	500	10.00
		Sweet Potato ..	4,000	240	9.60
		Ginger ..	3,000	225	6.75
		Banana ..	12,000	300	36.00
		Pepper ..	6,000	N.A.	..
		Tapioca ..	12,000	240	28.80
				6,31,000	

## ANNEXURE VIA—concl'd.

1	2	3	4	5	6
12.	Alleppey	Paddy	1,91,000	150	286.50
		Coconut	1,86,000	150	279.00
		Sugarcane	66,000	300	198.00
		Tapioca	11,000	160	11.00
		Others	92,000	..	..
			5,46,000		774.50
13.	Burdwan	Paddy	10,50,000	200	2,100.00
		Jute	47,000	300	14.10
			10,97,000		2,114.10
14.	Ludhiana	Wheat	8,48,000		848.00
		Groundnut	..	} (Covered by package programme)	
		Maize	..		
		Cotton	..		
			8,48,000		848.00
15.	Pali	Bajra	2,23,000	16	35.68
		Jawar	2,86,000	55	157.30
		Maize	68,000	91	61.88
		Wheat	1,48,000	103	152.44
		Barley	72,000	68	63.36
		Gram	34,000	30	10.20
		Cotton	19,000	45	8.55
		Sesamum	3,44,000	N.A.	..
			11,94,000		489.41
			1,64,48,274		19,444.87

## ANNEXURE VIB

Statement showing advances by agricultural credit societies, out-standings at Central Bank level and Reserve Bank limits sanctioned and utilised by the central bank

(Rs. in lakhs)

Name of the district	Advances by Agricultural credit societies			Outstandings at Central Bank Level		Reserve Bank of India limits			
	1963-64	Estima- ted for 1966-67	Estima- ted for 1970-71	1963-64	Estima- ted for 1966-67	Sanc- tioned for 1963-64	Sanc- tioned for 1964-65	Maximum out- standings (31-5-65)	Estima- ted need for 1966-67
West Godavari (Eluru)	240.00 (*)	450 (*)	720	204.49	313	206.00	186.00	106.55	275
Tanjore ..	426.00	550	720	403.00	550	273.00	225.90	202.00	325
Sambalpur	57.00	210	800	101.00	152	63.00	67.50	28.68	142
Raipur ..	172.00	390	906	224.00	271	100.00	80.00	100.00†	239
Bhandara	77.00	200	360	131.00	135	165.00	..	..	100
Cochar ..	5.00	20	60	44.00	14	..	..	..	14
Surat ..	148.00	290	520	176.00	201	60.00	60.00	20.00‡	100
Shahabad	49.00	170	560	39.00	116	38.25	45.00	N.A.	110
Mandya ..	84.00	170	280	137.00	110	131.00	120.00	76.80	96
Aligarh ..	116.00	270	560	122.00	189	110.00	80.00	80.00‡	165
Palghat ..	129.00	210	360	92.00	137	40.00	47.00	25.36	115
Alleppey ..	86.00	200	320	68.00	130	40.00	40.00	31.20	114
Burdwan ..	115.00	270	700	116.00	192	60.00	54.00	46.63	185
Ludhiana ..	225.00	300	400	141.00	178	50.00	50.00	50.00	135
Pali ..	4.00	60	200	6.00	42	48.00	33.00	26.00	42
	1,933.00	3,760	7,520	2,009.49	2,571	..	..	..	2,157

(\*) Break up for Eluru Bank area is not available.

† Includes previous year's outstanding before being brought down to current year's limits.

‡ As on 30-6-65.

## ANNEXURE VIC

Statement showing medium-term loan limits sanctioned by the Reserve Bank of India to the central banks in the IADP districts and drawals against them

(Rs. in lakhs)

Name of the district	1963-64			1964-65		
	Medium term loans sanctioned by the R.B.I.	Drawals by the Banks during year	Out-standing at the end of the year	Medium term loans sanctioned by the R.B.I.	Drawals by the banks during the year	Out-standing at the end of the year
I	2	3	4	5	6	7
*1. Thanjavur ..	28.68	24.31	45.22	27.30	13.40	34.14
**2. West Godavari ..	24.24	11.17	21.97	19.00	16.86	26.95
@3. Shahabad ..	11.00	..	..	14.50	7.50	7.50
4. Raipur ..	20.00	20.00	22.00	5.00	5.00	18.33
5. Aligarh ..	8.50	..	..	5.00	5.00	5.00
6. Ludhiana ..	8.00	8.00	9.63	9.00	9.00	14.48
7. Pali ..	..	..	..	4.50	0.28	0.28
8. Mandya ..	10.00	..	2.83	..	..	0.79
9. Surat ..	..	..	..	..	..	..
10. Sambalpur ..	9.00	0.64	12.19	6.00	2.64	8.47
11. Alleppy ..	8.00	8.00	11.80	10.00	9.32	16.04
12. Palghat ..	7.50	3.72	3.72	10.00	9.19	11.22
13. Burdwar (Kalna-Katwa only) ..	..	..	0.34	1.00	..	..
14. Bhandara ..	7.50	..	..	..	..	..
15. Cachar ..	..	..	..	..	..	..
<b>Total ..</b>	<b>142.42</b>	<b>75.842</b>	<b>129.70</b>	<b>111.30</b>	<b>78.19</b>	<b>143.20</b>
*Kumbakonam ..	16.64	12.31	23.89	13.90	Nil	9.42
* Thanjavur C.B. ..	12.04	12.00	21.33	13.40	13.40	24.72
**Rajamundry C.B. ..	4.00	2.16	3.62	4.00	3.23	4.67
**Eluru C.B. ..	16.00	6.31	12.14	10.00	9.97	15.97
**Krishna C.B. ..	4.24	2.70	6.21	5.00	3.66	6.31
@Arrah—Buxar C.B. ..	6.00	..	..	5.00	..	..
@Sassaram—Bhabua C.B. ..	7.50	7.50	7.50	7.00	..	..

**ANNEXURE VII**  
**Distribution of Fertilisers**

Serial No.	District	During the year preceding introduction of IADP			During 1963-64		
		Number of village societies undertaking distribution of fertilisers	No. of Marketing societies distributing fertilisers	Total Value (in lakhs)	No. of Village societies undertaking distribution	No. of Marketing societies Undertaking distribution	Total Value (in lakhs)
1	2	3	4	5	6	7	8
1	Aligarh ..	60	..	4.92	188	..	14.78
2	Ludhiana ..	258	N.A.	15.1	379	7	89.90
3	Pali ..	101	1	2.40	197	1	2.02
4	Rajpur ..	113	1	21.40	260*	22	45.48
5	Sherabad ..	308	N.A.	25.49	924	N.A.	73.17
6	Thanjavur ..	350	15	77.27	586	16	115.16
7	West Godavari ..	142	9	31.43	230	16	214.86
8	Alleppy ..	21	..	N.A.	41	..	20.78
9	Bhandara ..	97	14	3.40	203	14	32.85
10	Burdwan ..	87	16	2.90	158	18	35.35
11	Cachar ..	..	..	..	..	..	..
12	Mandya ..	245	7	34.27	304	7	148.14
13	Palghat ..	N.A.	5	0.18	103	4	29.58
14	Sambalpur ..	109	..	6.49	169	..	17.75
15	Surat ..	136	16	N.A.	195	17	51.00
16	Mandi ..	..	..	..	193	..	7.44
17	Delhi ..	..	..	0.10	73	..	0.13
<b>Total ..</b>		<b>2,087</b>	<b>81</b>	<b>225.36</b>	<b>4,203</b>	<b>122</b>	<b>898.39</b>

NOTE—\*933 village societies are undertaking distribution of fertilisers.  
No. of retail depots is only 260.

**ANNEXURE VIII**  
**Distribution of Seeds**

Serial No.	District	During the year preceding the introduction of IADP			During 1963-64		
		No. of Village societies undertaking distribution	No. of Marketing societies undertaking distribution	Total Value (in lakhs)	No. of Village societies undertaking distribution	No. of Marketing societies undertaking distribution	Total Value (in lakhs)
1	2	3	4	5	6	7	8
1	Aligarh ..	40	..	16.66*	40	..	11.00*
2	Ludhiana ..	69	..	6.56*	120	7	2.76
3	Pali .. ..	120	..	2.76*	165	6	1.20
4	Raipur ..	113	..	..	257	22	5.44*
5	Shahabad ..	119	..	.20*	289	13	1.52
6	Thanjavur ..	..	..	..	191	4	1.22
7	West Godavari	61	3	2.09	58	4	1.91
8	Alleppey ..	..	..	..	12	..	0.20*
9	Bhandara ..	..	..	0.03*	..	..	0.06
10	Burdwan ..	N.A.	12	N.A.	77	18	0.78
11	Cachar ..	..	..	..	..	..	..
12	Mandya ..	..	..	..	58	7	1.66
13	Palghat ..	..	..	..	50	..	0.64*
14	Sambalpur ..	169	..	.08	169	..	0.18*
15	Surat .. ..	86	..	2.67	148	..	6.30*
16	Vandj ..	..	..	..	54	..	0.44*
17	Delhi .. ..	22	..	..	..	..	..
Total ..		789	15	31.04	1,648	81	35.30

NOTE— \*Village societies only.



ANNEXURE IX  
Distribution of Implements

Serial No.	District	During the year preceding the introduction of IADP			During 1963-64			
		No. of Village societies undertaking the work	No. of Marketing societies undertaking the work	Total Value (in lakhs)	No. of Village societies undertaking the work	No. of Marketing societies undertaking the work	Total Value (in lakhs)	
1	2	3	4	5	6	7	8	
1	Aligarh ..	..	..	..	..	..	..	
2	Ludhiana ..	90	..	0.10*	204	7	0.53	
3	Pali ..	2	..	Rs. 72*	N.A.	1	0.08†	
4	Raipur ..	..	..	..	45	..	0.07*	
5	Shahabad ..	56	N.A.	0.09*	120	N.A.	0.97	
6	Thanjavur ..	..	..	..	..	..	..	
7	West Godavari ..	..	..	..	..	4	0.04	
8	Alleppey ..	..	..	..	6	N.A.	0.20*	
9	Bhandara ..	N.A.	..	0.02‡	42	N.A.	0.52	
10	Burdwan ..	N.A.	..	..	17	..	..	
11	Cachar ..	..	..	..	..	..	..	
12	Mandya ..	14	..	0.14*	87	7	8.63	
13	Palghat ..	..	1	0.02‡	42	1	0.11	
14	Sambalpur ..	..	1	N.A.	..	5	0.17‡	
15	Surat ..	N.A.	N.A.	0.01*	N.A.	N.A.	5.65†	
16	Mandi ..	..	..	..	..	..	..	
17	Delhi ..	Nil	..	..	..	..	..	
Total		..	152	2	0.38	564	25	16.97

NOTE—

\*Village societies only.

†Marketing societies only.

‡Village societies and Marketing societies combined.

**ANNEXURE X**  
*Distribution of Pesticides*

Serial No.	District	During the year preceding the introduction of IADP			During 1963-64		
		No. of Village societies under-taking the work	No. of Marketing societies under-taking the work	Total value (in lakhs)	No. of Village societies under-taking the work	No. of Marketing societies under-taking the work	Total value (in lakhs)
1	2	3	4	5	6	7	8
1	Aligarh ..	..	..	..	..	..	..
2	Ludhiana ..	151	..	10.07*	77	7	28.97
3	Pali ..	77	..	0.05*	114	..	0.09*
4	Raipur ..	113	..	..	260	22	1.07*
5	Shahabad ..	37	N.A.	0.04*	51	N.A.	0.07*
6	Thanjavur ..	..	..	..	90	..	0.33*
7	West Godavari ..	100	8	0.15	246	7	1.15
8	Alleppey ..	..	..	..	57	..	N.A.
9	Bhandara ..	N.A.	N.A.	..	N.A.	N.A.	1.16‡
10	Burdwan ..	N.A.	N.A.	..	N.A.	N.A.	..
11	Cachar ..	..	..	..	..	..	..
12	Mandya ..	..	14	0.04†	38	14	0.33
13	Palghat ..	..	1	0.01†	78	3	0.32
14	Sambalpur ..	N.A.	N.A.	..	N.A.	N.A.	..
15	Surat ..	67	N.A.	N.A.	137	27	1.12‡
16	Mandi ..	..	..	..	..	..	..
17	Delhi ..	..	..	..	..	..	..
Total ..		545	23	10.72	1,148	80	34.66

## NOTE--

\*Village societies.

†Village societies and Marketing societies combined.

‡Marketing societies only.

## ANNEXURE XI

*Distribution of consumer articles in rural areas through cooperatives*

Serial No.	District	During the year preceding the introduction of IADP			During 1963-64		
		No. of Village societies undertaking the work	No. of Marketing societies undertaking the work	Total Value (in lakhs)	No. of Village societies undertaking the work	No. of Marketing societies undertaking the work	Total Value (in lakhs)
1	2	3	4	5	6	7	8
1	Aligarh ..	..	..	..	5	2	N.A.
2	Ludhiana ..	72	7	3.10	435	7	34.89
3	Pali ..	..	..	..	63	7	52.93
4	Raipur ..	..	..	..	..	..	..
5	Shahabad ..	N.A.	N.A.	..	86	10	2.97*
6	Thanjavur ..	N.A.	..	..	330	8	..
7	West Godavari ..	..	4	..	28	7	N.A.
8	Alleppey ..	N.A.	..	..	161	..	14.28*
9	Bhandara ..	..	6	..	60	7	8.39*
10	Burdwan ..	..	..	..	232	Nil	15.38*
11	Cachar ..	15	6	1.60*	30	7	1.04*
12	Mandya ..	..	..	..	100	7	48.93
13	Palghat ..	N.A.	N.A.	..	1	3	37.65
14	Sambalpur ..	..	4	..	5	10	0.45*
15	Surat ..	387	N.A.	86.34	481	N.A.	83.73
16	Mandi ..	173	6	3.72	205	5	16.64
17	Delhi ..	185	4	N.A.	136	4	1.97
Total ..		832	38	94.76	2,385	84	319.25

NOTE—\*Village societies only.

**ANNEXURE XII**  
**Progress of Cooperative Marketing in IADP Districts**  
(Rupees in lakhs)

1 Name of the district	2 No. of primary marketing societies		3 Membership		4 Share Capital		5 Of column 4 amount contributed by Government		6 Value of produce handled		7 Of column 6 value of outright purchases made	
	A	B	A	B	A	B	A	B	A	B	A	B
1. Aligarh	6	7	38,220	44,347	4.03	5.25	1.41	2.35	58.15	48.10	3.54	7.55
2. Ludhiana*	7	7	2,298	3,575	6.26	6.42	1.37	1.12	17.26	34.12	N.A.	8.78
3. Pali	6	7	741	2,084	1.59	2.21	1.20	1.45	4.83	5.52	0.12	1.06
4. Raipur	10	22	6,565	8,553	9.11	25.56	6.30	17.93	1.02	117.38	1.02	69.66
5. Shahabad	9	20	274	1,162	1.68	4.92	1.60	4.60	0.12	3.60	0.13	2.56
6. Thanjavur	16	16	13,684	25,774	4.04	8.19	1.64	2.43	2.03	26.60	0.20	7.48
7. West Godavari	10	11	12,503	14,672	8.53	10.82	3.38	5.08	..	0.20	..	0.20
8. Alleppey†	3	4	420	469	0.93	1.83	0.56	1.21	..	0.57	..	0.28
9. Palghat	6	7	5,737	6,874	1.85	3.24	0.50	1.60	10.93	16.75	10.93	16.75
10. Bhandara	14	14	3,455	3,606	2.89	2.94	1.16	1.23	12.33	15.84	..	..
11. Burdwan	14	16	5,666	10,319	2.05	4.59	0.85	2.60	2.44	2.00	N.A.	2.00
12. Cooch	13	13	1,929	2,057	3.30	3.32	2.60	2.60	4.98	7.63	3.32	2.82
13. Mandya	7	7	5,503	5,815	7.56	10.52	4.95	6.68	6.77	36.00	5.13	9.00
14. Sambalpur	6	6	375	461	4.18	4.25	3.60	3.60	1.25	5.13	0.71	4.42
15. Surat	75	79	39,301	47,363	26.54	28.22	2.11	3.24	198.60	499.61	..	..
16. Delhi	4	4	812	935	1.03	1.12	0.35	0.35	4.89	6.38	0.50	1.14
17. Mandi	5	5	285	289	0.76	0.78	0.03	0.03	..	0.91	..	..
Total	211	245	137,768	178,355	80.33	124.18	33.61	58.10	325.60	826.34	25.72	133.70
Percentage increase		16	29	44		73						

Note:—

A = Year before the inception of programme.

B = As on 30th June, 1961.

N.A. = Information not available.

\*Column A refers to 1961-62.

†All figures relate to IADP area only.

## ANNEXURE XIII

## Rate of growth of Agricultural Marketing

(Rs. in lakhs)

I.A.D.P. District	Value of produce marketed before introduction of I.A.D.P.	Value of produce marketed in 1963-64	Percentage increase in 1963-64 (col. 3) over base period (Col. 2)	Percentage increase in the value of produce marketed in other districts in the State during the corresponding period
1 Aligarh .. .. .	58.15	48.10	(- )17	(- )3.6
2 Ludhiana .. .. .	17.26	34.12	98	(- )38
3 Pali (Rajasthan) .. .. .	4.83	5.52	14	13
4 Raipur .. .. .	1.02	117.38	11,400	(- )17
5 Shahabad .. .. .	0.12	3.60	2,900	1,185
6 Thanjavur .. .. .	2.03	26.60	1,210	183
7 West Godavari .. .. .	..	0.20	..	61
8 Alleppey .. .. .	..	0.57	..	70
9 Bhandara .. .. .	12.33	15.84	70	60
10 Burdwan .. .. .	2.44	2.00	(- )18	(- )38
11 Cachar .. .. .	4.98	7.63	53	50
12 Mandya .. .. .	6.77	27.33	432	97
13 Palghat .. .. .	10.83	16.75	53	72
14 Sambalpur .. .. .	1.25	5.13	310	130
15 Surat .. .. .	198.60	499.61	152	66
16 Delhi .. .. .	4.89	6.38	30	30
17 Mandi .. .. .	..	0.91	..	393
Total .. .. .	325.60	826.34	154	

**ANNEXURE XIV**  
**Progress of Cooperative Marketing in IADP Districts**

1	2		3		4		5		6		7	
	No. of village societies which are yet to be affiliated		Amount of pledge loans given		No. of credit societies whose loans to members are recovered by mkg. societies		Amount involved in col. 3		No. of societies working at profit		No. of societies working at loss	
	A	B	A	B	A	B	A	B	A	B	A	B
	on 30-6-64											
1. Aligarh	175	38	7	N.A.	538	549	35.10	6.34	4	5	2	2
2. Ludhiana*	284	116	12	..	32	82	0.98	2.70	6	7	..	2
3. Pali	237	105	24	..	..	4	..	0.29	..	5	..	..
4. Raipur	1,347	11	1	4.57	..	450	..	0.29	..	5	..	..
5. Shahabad†	614	676	39	1.54	3	18	0.01	25.97	8	19	1	3
6. Thanjavur	231	4	0.3	1.15	..	366	..	0.23	3	18	6	2
7. West Godavari	225	131	31	21.55	..	Nil	..	4.19	7	N.A.	9	N.A.
8. Alleppey	300	262	56	30.22	Nil	Nil	..	Nil	6	6	4	6
9. Palghat	57	3	20	..	..	26	..	0.52	..	5	3	4
10. Bhandara	281	213	27	0.27	..	..	..	1.50	..	5	1	1
11. Burdwan	712	417	33	0.37	..	..	0.15	1.50	..	..	..	..
12. Cachar	233	150	20	N.A.	5	2	0.03	0.01	N.A.	14	N.A.	2
13. Mandya	198	148	47	Nil	..	..	..	..	4	3	9	10
14. Sambalpur	411	N.A.	N.A.	16.40	..	73	..	4.33	7	7	..	..
15. Surat	395	265	40	27.00	..	..	..	2.88	3	5	3	1
16. Delhi	179	158	47	0.12	..	Nil	..	..	67	67	5	9
17. Mendi	88	113	52	240.96	..	1	..	..	3	4	1	Nil
Total	5,967	2,810	24	247.45	578	1,571	36.27	49.14	125	160	47	42
Percentage increase				346.96		172		35		35		
				40								

Note:—

A = Year before the inception of programme.

B = As on 30th June, 1964.†

N.A. = Information not available.

\* Column A refers to 1961-62.

† All figures relate to IADP area only.

ANNEXURE XV  
Cooperative Processing (Excluding Coop. Sugar Factories)

Sr. No.	Name of the district	During the year preceding introduction of IADP			During 1963-64			No. of units under installation as on 30-6-64			No. of Units for which assistance was given but units are yet to be taken up for installation	
		No. of units installed by independent processing	No. of units installed by independent processing (excluding sugar)	Value of goods processed	No. of units installed by independent processing	No. of units installed by independent processing	Value of goods processed	By Mkg. Soc.	Independent Processing %	Mkg. Soc.	Processing Units	
1	2	3	4	5	6	7	8	9	10	11	12	
1.	Aligarh	Nil	Nil	Nil	Nil	Nil	Nil	1	..	1	..	
2.	Ludhiana	Nil	Nil	Nil	Nil	Nil	..	..	..	..	..	
3.	Pali..	Nil	Nil	Nil	Nil	..	..	..	..	..	..	
4.	Raipur	2	Nil	1.44	5	..	61.92	6	..	..	..	
5.	Shahabad	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
6.	Thanjavur	Nil	Nil	..	3	..	6.02	1	..	..	..	
7.	West Godavari	Nil	Nil	..	1	..	N.A.	..	..	..	..	
8.	Alleppey	Nil	..	..	..	Nil	..	2	1	..	..	
9.	Palghat	2	..	9.52	3	..	11.20	Nil	Nil	Nil	Nil	
10.	Bhandara	..	11	36.54	..	11	53.00	..	..	..	..	
11.	Burdwan	1	Nil	N.A.	1	Nil	(Estimated)	Nil	Nil	Nil	Nil	
12.	Cachar	..	..	..	Nil	..	N.A.	Nil	2	Nil	Nil	
13.	Mandya	2	..	10.44	4	..	31.85	2	..	..	..	
14.	Sambalpur	..	..	..	1	2	2.06	4	4	4	..	
15.	Surat	7	12	N.A.	9	12	N.A.	..	..	..	..	
16.	Delhi	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
17.	Mandi	..	1	Nil	..	1	0.23	..	..	..	..	
Total	..	14	24	57.94	27	26	166.28	16	7	5	..	

ANNEXURE XVI  
Cooperative Godowns

Sl. No.	Name of the district	No. of godowns constructed at the end of the year preceding introduction of I.A.D.P.				No. of godowns constructed as on 30-6-64			
		Rural Godowns	By Marketing societies	By Apex societies	By Distt. Mkg. city (in tonnes)	Rural Godowns	By Primary Marketing societies	By Distt. Apex Marketing societies	Storage capacity (tonnes)
1	2	3	4	5	6	7	8	9	10
1	Aligarh	..	..	..	..	89	11	..	7,420
2	Ludhiana	..	43	3	..	5,600	105	4	17,800
3	Pali	..	40	2	..	2,250	66	7	7,000
4	Raipur	..	32	8	..	4,800	101	15	13,300
5	Shahabad	..	N.A.	N.A.	N.A.	N.A.	130	13	2 16,700
6	Thanjavur	..	38	..	4	2,850	271	10	5 4,000
7	West Godavari	..	22	..	4	3,000	94	12	.. (approx) 22,380
8	Alleppey	..	6	..	..	600	28	2	.. 3,200
9	Palghat	..	19	5	..	2,600	49	7	.. 14,135
10	Bhandara	..	8	..	..	N.A.	127	6	.. 14,950
11	Burdwan	..	26	5	..	7,600	39	11	Nil 6,000
12	Cachar	..	13	12	..	3,710	13	12	1 3,775
13	Mandya	..	30	36	2	19,700	65	10	1 10,000
14	Sambalpur	..	N.A.	N.A.	N.A.	N.A.	13	9	Nil 4,900
15	Surat	..	N.A.	N.A.	N.A.	N.A.	92	12	.. 14,100
16	Delhi	..	..	..	..	..	58	2	Nil 2,300
17	Mandi	..	..	..	..	..	19	7	.. 2,600
Total		..	282	75	6	52,810	1,309	150	11 164,560



ANNEXURE XVI—contd.  
Cooperative Godowns—contd.

Sl. No.	Name of the district	Godowns rented by Village Societies		Godowns rented by Marketing Societies		Rural Godowns		Marketing Socy. Godowns	
		No.	Capacity	No.	Capacity	No. assisted	No. constructed	No. Assisted	No. constructed
		11	12	13	14	15	16	17	18
1	Aligarh ..	..	..	24	1,345	144	89	6	1
2	Ludhiana ..	257	11,200	75	33,000	105	99	4	4
3	Pali ..	26	700	16	1,100	85	51	7	6
4	Raipur ..	..	..	..	..	215	101	22	15
5	Shahabad ..	48	3,726	34	9,470	183	130	20	13
6	Thanjavur ..	281	2,863	175	10,000	321	288	12	10
7	West Godavari	215	5,560	263	36,300	125	88	13	11
8	Alleppey ..	14	1,400	..	..	48	28	2	2
			(approx)						
9	Palghat ..	..	..	2	1,400	49	45	6	6
10	Bhandara ..	107	8,500	7	450	154	127	15	6
11	Burdwan ..	11	200	18	400	82	49	27	9
12	Cachar ..	..	..	1	15	54	14	14	12
13	Mandya ..	..	..	13	2,600	65	27	87*	42*
14	Sambalpur ..	..	..	15	2,200	27	13	9	8
15	Surat ..	90	19,000	12	2,500	156	92	18	12
			(approx.)		(approx.)				
16	Delhi ..	23	200	3	200	58	58	2	..
17	Mandi ..	104	1,040	4	170	19	19	5	5
	Total ..	1,176	44,389	662	101,150	1,890	1,318	269	162

\*Includes rural godowns for marketing societies.

**ANNEXURE XVII**  
**Staff of Cooperatives in IADP district as on 31-12-64**

Name of the district	Nature of staff	At district level					Nature of staff	At Block level (each block)					Remarks, if any
		Nor.	Addl.	Total	Nor.	Addl.		Total	Nor.	Addl.	Total		
1	2	3	4	5	6	7	8	9	10	11	12		
1 Aligarh	(a) Assistant Registrar	..	1	1	2	(a) C.Os.	..	..	18	..	18		
	(b) Addl. Distt. Coop. officers	..	3	..	3	(b) Asstt. Dev. officer	..	..	14	14	28		
	(c) Marketing Officer	..	8	..	8	(c) Cooperative supervisors	..	..	14	14	28		
	(d) Exec. Officer (Central Bank)	..	..	..	..	..	..	..	..	..	..		
2 Ludhiana	(a) Dy. Registrar	..	..	..	1	(a) E.O. Coop.	..	..	10	10	20		
	(b) Asstt. Registrar	..	2	..	2	(b) Coop. Supervisors (Sub-Inspectors)	..	..	40	24	64		
	(c) Marketing Inspector	..	1	2	3	..	..	..	..	..	..		
	(d) Executive Officer (Central Bank)	..	..	..	..	..	..	..	..	..	..		
3 Pali	(a) Asstt. Registrar	..	1	1	2	(a) Coop. Extension Officer	..	..	10	6	16		
	(b) Marketing Officer	..	..	1	1	(b) Coop. Supervisors—(Asstt. Coop. Inspectors)	..	..	26	29	55		
	(c) Executive Officer (Central Bank)	..	..	..	..	..	..	..	..	..	..		
4 Raipur	(a) Dy. Registrars	..	..	1	1	(a) Coop. Extn. Officer	..	..	23	23	46		
	(b) Asstt. Registrars	..	2	1	3	(b) Marketing Inspectors	..	..	..	23	23		
	(c) Executive Officer (Central Bank)	..	..	..	..	(c) Sub. Inspectors for supervision of primary societies	..	..	..	138	138		
5 Shahabad	(a) Dy. Registrar	..	..	1	1	(a) Central Bank Supervisors	..	..	..	105	105		
	(b) Executive Officer (Central Bank)	..	..	..	..	(b) Asstt. Registrars	..	..	..	20	20		
	(c) Executive Officer (Central Bank)	..	..	..	..	(c) Coop. Extension Supervisors	..	..	20	40	80		
	(d) Executive Officer (Central Bank)	..	..	..	..	(d) Godown Keepers	..	..	..	180	180		

6	Tharjavar ..	(a) Joint Registrar .. .. .	..	..	1	1	(a) Coop. Extn. Officers .. .. .	..	12	24	36
		(b) Dy. Registrar .. .. .	..	5	1	6	(b) Supervisors .. .. .	..	101	82	183
		(c) Executive be Officer (Central Bank)	2	..	..	2	(c) Inspectors .. .. .	..	83	37	120
							(d) Auditors (Senior Inspectors)	..	39	31	70
							(e) Coop. Sub-Registrar (Auditors)	..	1	3	4
							(f) Coop. Sub-Registrar .. .. .	..	11	6	17
							(g) Sub-Auditors (Jr. Inspectors)	..	31	9	40
7	West Godavari	(a) Dy. Registrar .. .. .	..	..	1	1	(a) Coop. Extn. Officer .. .. .	..	25	16	41
		(b) Coop. Sub. Registr.	..	..	1	1	(b) Coop. Supervisors (Central Bank)	..	35	64	99
		(c) Senior Inspectors .. .. .	..	..	1	1					
		(d) Chief Executive Officer (Ehuru Central Bank)	..	..	1	1					
8	Alleppey ..	(a) Dy. Registrar .. .. .	..	1	1	2	Coop. Extn. Officer .. .. .	..	15	15	30
		(b) Asstt. Registr. (Mkg.) .. .. .	..	..	1	1					
		(c) Asstt. Regrs. .. .. .	..	3	1	4					
		(d) Senior Inspector of Coop. Societies	..	..	1	1					
		(e) Peon .. .. .	..	1	..	1					
		(f) Executive Officer (Central Bank)	..	1	..	1					
9	Palghat ..	(a) Dy. Registrar .. .. .	..	1	1	2	Coop. Extn. Officer .. .. .	..	18	51	31
		(b) Asstt. Registr. (Mkg.) .. .. .	..	..	1	1					
		(c) Asstt. Registr. .. .. .	..	3	1	4					
		(d) Executive Officer (Central Bank)	..	1	..	1					
10	Bhandara ..	(a) Dy. Registrar .. .. .	..	1	..	1	(a) Coop. Extn. Officer .. .. .	..	13	13	26
		(b) Asstt. Registrar .. .. .	..	2	1	3	(b) Secy. Inspectors (Package Supervisors)	..	..	39	39
		(c) Marketing Officer .. .. .	..	..	1	1					
		(d) Executive Officer (Central Bank)	..	..	1	1					
11	Burdwan ..	(a) Asstt. Registrar .. .. .	..	2	1	3	(a) Coop. Extn. Officer .. .. .	..	24	24	48
		(b) Coop. Dev. Officer .. .. .	..	2	..	2	(b) Coop. Supervisors	..	..	48	48
		(c) District Auditors .. .. .	..	2	..	2	(i) Coop. Deptt. (Auditors)	..	..	48	48
		(d) Extn. Officer (Central Bank)	..	2	..	2	(ii) Central Bank (Supervisors)	..	47	..	47

ANNEXURE XVII—contd.

1	2	3	4	5	6	7	8	9	10	11
12	Cachar ..	(a) Dy. Regr. ..	..	..	1	1 (a) Dy. Coop. Executive officer	..	33	37	70
		(b) Asstt. Regr. ..	..	1	3	(b) Asstt. Coop. Officers ..	..	21	5	26
		(c) Executive Officer (Central Bank)..	..	1	1	(c) Supervisors (Central Bank)	..	N.A.	N.A.	48
13	Mandya ..	(a) Dy. Regr. ..	..	..	1	(a) Coop. Extn. Officer ..	..	9	10	19
		(b) Asstt. Regr. ..	..	1	1	(b) Coop. Supervisors ..	..	24	10	34
		(c) Functional Insp. ..	..	4	4					
		(d) Distt. Coop. Officer ..	..	1	1					
14	Sambalpur ..	(a) Asstt. Regr. ..	..	1	1	(a) Coop. Extn. Officer ..	..	23	23	46
		(b) Regional Mkg. Officer ..	..	1	1	(b) Supervisors ..	..	26	9	35
		(c) Executive Officer (Central Bank)..	..	1	1	(c) Sub-Asstt. Regr.	..	..	3	3
15	Surat ..	(a) Distt. Regr. ..	..	1	1	(a) Coop. Extn. Officer ..	..	..	19	19
		(b) Asstt. Regr. (Package)	..	4	1	(b) Coop. Supervisors ..	..	18	38	56
16	Delhi ..	(a) Asstt. Regr. (Rural) ..	..	1	1	(a) Extn. Officer (Coop.) ..	..	5	3	8
		(b) Asstt. Regr. (Package) ..	..	1	1	(b) Sub-Inspector ..	..	20	3	23
		(c) Executive Officer (Central Bank)	..	..	..	(c) Supervisors (State Coop. Bank)	..	9	..	9
17	Mandi ..	(a) Distt. Coop. & Supply Officers ..	1	..	1	(a) Inspectors ..	..	14	8	22
						(b) Sub-Inspector (Co-operative)	..	24	24	48

## ANNEXURE XVIII

*Number of peripatetic units and the number of persons trained by them during 1963-64*

Sl. No.	Name of the district	No. of peripatetic units	No. of persons trained			Total	Remarks, if any
			Office bearers	Members of Managing Committee of Panchayats	Members		
1	2	3	4	5	6	7	8
1	Aligarh .. ..	2	56	236	1,906	2,198	
2	Ludhiana .. ..	3	N.A.	N.A.	N.A.	N.A.	
3	Pali .. ..	5	..	202	2,151	2,353	
4	Raipur .. ..	6	292	1,173	3,175	4,640	
5	Shahabad .. ..	N.A.	N.A.	N.A.	N.A.	N.A.	
6	Thanjavur .. ..	2	..	1,174	10,603	11,777	
7	West Godavari .. ..	2	466	205	17,009	17,680	
8	Alleppey .. ..	2	N.A.	N.A.	N.A.	N.A.	
9	Palghat .. ..	1	N.A.	N.A.	N.A.	N.A.	
10	Bhandara .. ..	3	55	298	161	514	
11	Burdwan .. ..	2	N.A.	N.A.	N.A.	N.A.	
12	Cachar .. ..	3	477	476	648	1,601	
13	Mandya .. ..	N.A.	N.A.	N.A.	N.A.	N.A.	
14	Sambalpur .. ..	1	N.A.	N.A.	N.A.	N.A.	
15	Surat .. ..	..	64	143	800	1,007	
16	Delhi .. ..	2	96	650	1,985	2,731	
17	Mandi .. ..	4	160	2,400	..	2,560	
Total .. ..		42	1,666	6,957	38,438	47,061	