CHAPTER 6
PROBLEMS OF CO-OPERATIVE BANKING
IN
AGRICULTURAL DEVELOPMENTS
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CHAPTER - 6

6.00 PROBLEMS OF CO-OPERATIVE BANKING IN AGRICULTURAL DEVELOPMENTS

These banks were established according to the co-operative societies Act, 1912. These were established to provide financial assistance to the primary co-operative societies and to help their efficient organization. The district bank was generally used to designate the financing agency servicing societies in the whole or a part of a district. It was an intermediate agency between the Apex bank at the top and the primary Agricultural societies. Therefore it was called central bank or financing agency. All intermediate agencies were termed as central financing agencies, but district bank or central bank connoted that it served the whole district.

The problems of co-operative banking in agricultural development are as under.

6.1 Illiteracy

Illiteracy has also hindered the growth of co-operatives in Nanded district. Working of these banks need skilled knowledge. Sometimes it becomes difficult to find educated secretaries for the co-operative societies in the villages. Educational backwardness has failed many co-operatives. It is not developed agricultural movement. It is totally backwardness of human society.

6.2 Selfish people

Selfish people oppose co-operatives. Traders in the markets and Mahajans in the villages generally oppose the co-operatives. Some leaders/people thinking selfish. They did not like progress of agricultural developments. They opposed to new technology and blind faith of Gods, customs and manners.
6.3 Corruption and favoritism

Corruption and favoritism in the functioning of co-operatives is yet another reason for their slow progress. Office bearers tend to oblige their relations and friends grating them loans out of the way.

6.4 Lack of co-ordination

In Nanded district one finds lack of co-ordination between primary, central co-operatives. Consequently their growth is ill-affected. There is no co-ordination between society members, family sarpanch, village district. They neglected to each others.

6.5 Lack of saving

People very scantily deposit their saving in these banks. These banks are just deemed as loanable agencies, for their credit needs. These banks have to depend upon external sources.

6.6 Unlimited liability

Unlimited liability of the co-operatives discourages rich people to become their members. As a result, resources of the co-operatives remain very low.

6.7 Delay in returning loan

Members of the co-operatives generally do not return loan in time to time. Loans keep accumulating on certain members. These also prevents smooth functioning of the system. In fact delay in returning loan has become almost an accepted feature of the co-operatives.
6.8 Defective Auditing

Accounts of the banks are not properly audited. Accounts are sometimes manipulated in connivance with the official of the Registrar.

6.9 Inefficient Management

Office bears of the co-operatives are generally uneducated in Nanded district. Working the co-operatives, therefore is not efficiently managed. Delays in granting loans as well as in their recovery is a normal feature of the co-operatives. Party factions are found in most of the co-operatives. This hampers their smooth functioning.

6.10 Lack of understanding of the principles of co-operation

Co-operative movement in India has developed mainly in the rural areas. The rural masses are illiterate and fail to appreciate the true meaning of co-operatives in the light of their objects.

6.11 More Government interference

In most Nanded district co-operative movement was engineered by the people themselves. But in Nanded it was engineered by the government and even now the Government has its control upon it. People take it as a short of government programme. Co-operative banks are taken just as a source of credit and loans are treated as government money. These banks, therefore, missed their desired growth path.

6.12 Lack of funds

Co-operative banks in Nanded district, generally lack of funds. This is because of the limited membership of the co-operatives. People make only limited deposits even with the central institutes. Shortage of funds has failed the
co-operatives to fulfil the needs of their members.

6.13 Normal implements

The primary co-operative banks utilize their funds by granting short term advances only to the members who are usually the farmers for the purchase of seeds. Normal agricultural implements and fertilizers etc.

6.14 Agricultural credit costly and risky

To provide credit facilities to small and marginal farmers, agricultural and labours, artisans and small entrepreneurs in the rural area. The construct and manage ware houses and godowns to store agricultural produce.

An extend assistance in marketing of agricultural products through organized agency lend to provide general banking services accepting deposits, withdrawal, facilities, remittance facilities, safe deposit lockers not available in rural area. The co-operatives give loans only for productive purpose. There other needs the farmers have to depend upon Mahajans.

6.15 Decrease in Agricultural production

Co-operative banks giving the loans to the farmer but no proper use of loan and miss-utilized to by good seeds, fertilizers. No consolidation of land holding and removal of irrigation and transport constraint. As a result, agricultural production tends not increased. The role of co-operatives in ‘Green Revolution’ can not be successful.

6.16 No Reforms in Administration

Administration of the co-operatives needs to be improved. Not elected and selected office bearers of the co-operatives should not be given proper training. But also no arrangement should be made for proper account system of the co-operatives
6.1 PROBLEMS OF MEMBERS AND CULTIVATORS

The minimum initial membership for such a society. As the liability is unlimited and members are expected to evaluate each others credit. An enquir into the objects o the loan and keep watch on the employment of funds obtained through the society. The members have to know each other and membership has to be compact. The area of operation is restricted. The credit societies whose members are mostly poor ryots would be unable to raise sufficient funds in the money market for loans to their members, unless they were buttressed by unlimited liability. the members of credit society are there fore liable for the debts incurred by the society to the full extent of their property. Details regarding the property possessed by each member are collected together in the ‘property statement’ of the society, which forms the basis of all its borrowing transactions. But unlimited liability in the case of a co-operative society means only “Contributory liability.” The creditors of a society cannot try to recover their loans from individual members, only the ultimate deflect could be secured by a series of levies per capita on members. The following main problem of members.

6.1.1 willful defaulter

This type of problem is very dangerous for the members and society. They have a thinking that while others can be a defaulter. Why should not they, they know that the money given to them by Government is to be repaid back, but they willfully ignore to repay it. When the members asked them to repay their dues. They just keep an acting as a poor and they say that they do not have any money to repay it.

6.1.2 Unsystematic loaning

The loaning system of a co-operative society members bears many uncertainties for recovery. Because in co-operative loan we do not make any condition for repayment of the loan. The loaning help the members to be a willful
defaulter Because, they know that, if they do not repay the loan amount they will gate some reasonable punishment.

6.1.3 Misunderstanding

Misunderstanding may be in between the members and society and Government. By Misunderstanding we came to know that they are not communicating properly. This can also lead to being a defaulter. The member think that they make the payment while the members do not they would proved them self to be the most foolish member.

6.1.4 Lack of co-operative Education

To run the co-operative society successfully we have to get proper co-operative education. By this we came to know the proper meaning and concept of a co-operative society. And how the co-operative society works can also be understand to achieve the common goals of the members. If they get proper co-operative education, there is a possibility of development in the society.

6.1.5 Lack of fund

Since the Government of financial institutions refuse to give any financial aid to the society. The societies are facing a problem of shortage of fund. So they can not take any steps for the welfare of the members.

6.1.6 Lack of Good and devoted leader

To be a successful co-operative society a good and devoted leader is compulsory. The leader should get proper co-operative education so that he could handled the emerging problem of the society. Not only the education, he also should be devoted to his duties.

6.1.7 Increasing charges of agro-machinery repairing

The charge of repairing the agro-machinery is becoming more than the ac-
tual annual income since the working period in these area in a year is very little about 3 months only. Although, we know that this short working period is becoming dangerous. We can not made increase the period for these area has been a regularly flooded area. Every year, flood occurred in this area twice or more.

6 1.8 Non-sanctioning of loans

According to the M. D. of this society though, they have already deposited at least 94 % of the past loans. The bank is not sanctioning any further loans to the society. So we are not able to grant any types of loans to our members. There is need for constant monitoring of the development of agricultural society.

6 1.9 The members should not willful defaulter

We have discussed about the willful defaulter. They are dangers for the development of the society. They should repay all their dues to the society in times so that they could get further financial help from bank.

6 1.10 Good communication

In order to avoid the prevailing misunderstanding in the society. There should be a better communication channel. By this we can also solved the problems faced by the society. Because most of problems are caused by the misunderstanding.

6.1.11 Proper co-operative education

To give proper co-operative education for achieving the common goals is very necessary. For by education, the office bears, members, and employees of the society can understand their duties.

6.1.12 To joined with Apex marketing society

As a suggestive measure for the improvement of the society. The M. D. of the society said, they preferred joining hand with the Apex marketing society and
distribute fertilizers to its members and neighboring village to the Kharif crop loan at the Government control rate

6.2 MARKETING PROBLEMS

Marketing of any commodity as critical for better performance in agriculture, as farming itself in a developing economy. Hence this is necessitates that market reforms be associated with any policy for agricultural development of a country. However in India till 1996, the marketing of agricultural commodities remained neglected. It occupied a fairly low place in agricultural development policies of the country of late. It has been recognized that the nation cannot afford to have a rapid pace of growth without developing the agricultural marketing sector. Consequently it has been recently established that agricultural production has increased significantly. Only in those regions of the country where marketing and procurement systems are well developed and assured. On the other hand, marketing of agricultural commodities has remained one of the major problems of the farmers in those region of the country where marketing system was not well developed. This led to skewed distribution of economic power and discontentment among the farming community. Not withstanding, the burgeoning farmers agitation in various parts of the country has drawn the immediate attention of planners and policy makers to give a long due fair deal. Justice to the growers of various farm products at remunerative prices and easy marketing terms. Despite market interventions by the Governments, marketing system still continues to be sub-optimal which further acted.

Before the middle of 19th century, Indian farmers cultivated their land mainly to satisfy the needs of their own families. They produce the food they required and the necessary amount of cotton to get their clothes woven. They did not require cash as such and therefore, they did not raise and cash crops for selling in the market and for getting cash. Such cultivation was known as subsistence cultivation. It was only after the middle of the 19th century that India was slowly giving up the self-sufficient village as well as the system of barter. The farmers required cash to pay taxes to the Government, to buy kerosene, matches, milk-made cloth, sugar etc. Hence he started producing cash crops, like cotton, jute, oilseeds etc. for the market and he produce rice, wheat, Jowar etc. mainly for the
requirements of his family. There was thus a shift from subsistence cultivation to market cultivation. The farmer began to depend upon market forces for the determination of prices and also to dispose of his surplus stocks.

Marketing is more than a mere physical produces of distributing goods from producers to consumers. Marketing represents a distinct philosophy of business that has emerged over the recent years. As cundiff and still put it "Marketing is the business process by which products are matched with markets and through which transfers of ownership are effected." Marketing refers to the sum total of activities involved in finding out of the needs of the potential buyers developing the products and services to satisfy those needs. Matching products with the market means determining the requirement of potential consumers and supplying the products which would meet their requirements. Marketing is a function of business concerned with the creation of customer. Creation of customers involves identification of consumers' needs and undertaking to supply their demand to their satisfaction. Marketing thus helps a firm to produce that which the consumer needs in the quantity that the consumer requires, at a price that the consumer will pay for the satisfaction offered to him in the form of goods and services through channels that suit the consumer convenience the most and at the time when the consumer needs good and services modern marketing is, thus said to be consumer-oriented in its approach. Modern marketing has become an integrated process of identification, assessment, and satisfaction of human wants. Determination of wants of the consumer takes precedence over production. The emphasis is on selling satisfaction and not merely on selling goods.

Marketing covers basic activities. Discovery of consumer needs and desires revealing the marketing opportunities which can be exploited by a firm, matching the organizational resources and limitations with the product. This process of matching the strengths and weakness of the form with the product demanded by the society is the managerial function of the firm. Formulating and implementing the marketing programme, called marketing mix, covering product, price, promotion and distribution in order to accomplish the twin objectives of profitability and consumer satisfaction.

Marketing problems

6.2.1 Communication
Total activities of any manufacturing company are directly influenced by physical distribution of goods manufactured. When the physical distribution as an operating system is properly interconnected or coordinated with different distribution functions; it helps for significant cost savings. So communication is one that plays an important role in the distribution system both externally and internally as it is concerned with the flow of information between the company and its customers. In marketing system, customers satisfaction should receive prior attention. This is done through external communication furnishing necessary information about goods to customers, receiving their complaints etc. Timely information feedback concerning sales to customers, customers credit, competitive prices, terms of sales and services helps management to have proper production scheduling, order processing, inventory control and expeditions routing of both finished goods and goods in process. Thus, where communication system is not effective, marketing functions will be adversely affected. Effective communication will further assist to have continued customers patronage and to keep customers abreast of such information pertaining to expected arrival of dates of shipments, any anticipated delays, incomplete orders, substitutions etc. Similarly, internal communication within the company is equally important to assure that the data necessary to the functioning of the system are properly transmitted and received. Internal communication should also cover data about an availability of products, collection or order and their execution, processing of order, credit clearance etc.

6.2.2 Scheduling

In any industrial organization when products are manufactured for marketing. The marketing managers responsibility is to see the expected sales over the specific period. An inform accordingly the production department which will then determine how much, when and how the products will be made. It is at this stage scheduling is necessary. Under scheduling, pieces of work is started and completed at a certain time fixed in advance. It rates the production as well as distribution work in the order of priority and then provides its release to the plant at the proper time and in the correct sequence. Scheduling
is mainly concerned with the time factor as to the work that is performed on a product. Scheduling also aims at maintaining the orders received from customers and their dispatch. It is likely that under certain circumstances where production is undertaken on economic lot sizes or to meet rush orders. A conflict of interest between the marketing and production managers may develop over the decisions taken separately. Even then, scheduling cannot be ignored and production schedule should be drawn taking into consideration transportation, time required to manufacture and customer services. Production scheduling of the production function is quite important because once set, the schedule becomes a fixed element in the marketing systems. In any case marketing schedule should not be in flexible as it may lead to unnecessary effort and exorbitant overtime costs. As the same if it is too much flexible, it may result in idle capacity. Therefore, the best scheduling should have a balance between these extremes so that the production department can relatively have a continuous level of output as per requirements.

It should be noted that industrial scheduling and dispatching are closely related. However, production schedule establishes starting and finishing dates with the following limitations of the availability of:

(i) Physical plant facilities as required to complete the article being scheduled.

(ii) Personnel possessing desired skill and experience to operate the equipment and perform the type of work involved.

(iii) Necessary materials and purchase parts.

No marketing schedule will be successful unless production schedule is properly developed bearing in mind the points mentioned above.

6.2.3 Material Handling

Any industrial enterprise when manufactures products and purchases mate-
rials. It will be its chief responsibility to see that such materials are not only purchased in adequate quantity but also are handled properly in the warehouse where they are stored. It is experienced that the efficiency of handling materials depends on factors such as the volume of materials, local wage rate, relative cost of space etc. Materials handling should finally aim at minimizing idle time, overtime, breakage, errors and breakdowns. It includes storage aids, equipment and layout of warehouse.

(a) Equipment

It is a modern trends that a large number of companies seek help of equipment in the materials handling operations. For examples the forklift truck is widely used. Similarly the clamp truck is used for picking up and moving loads not palletized or strapped. In addition to these equipment, towing tractors, conveyors, trains, hand powered equipment, time devices, bins and other storage-aids are largely used by different manufacturing concerns.

(b) Warehouse layout

Layout of a warehouse in simple words indicates space utilization in the best possible manner which demands proper planning so as to achieve an orderly flow of materials from receiving, to storage, to order selection and to shipping areas at minimum cost. The cost of finished product would move up if space utilization is not properly planned. Materials handling within the warehouse should be so arranged that they can be moved directly from in bound transportation vehicles to the order selection and assembly area. While planning care should be taken to see that cross hauling of materials is avoided and materials needed urgently in adequate quantity can be had without any delay. This planning of warehouse layout will help management to expedite orders received.

6.2.4 Superfluous middlemen

The majority of farmers dispose of their produce in the village itself. The
result is the intervention of a host of middlemen between the producer and the final consumers of his produce, many of whom can be eliminated with much profit to producers by arrangements for the orderly marketing of agricultural produce. The agencies in the chain of marketing from the producer to the manufacturer and consumer depend upon the nature of the crop.

6.2.5 Defective preparation for marketing and adulteration

The cost of marketing can be reduced and the farm price of agricultural produce can be raised by careful preparation of the commodities for the market. The considerable marketing expenses can be saved and a higher price secured if the cultivators can be induced to bring clean products to the market. At present the farmer in this district pays little attention to preparing his produce for the market with the result that the produce has to be cleaned and re-cleaned at every stage and freight is paid not only transporting the agricultural product but also for transporting directly matter. Such adulteration lowers the quality of the produce, reduce its reputations and brings down the price. It has disastrous consequence and at whatever stage it is done prejudices ultimately the interests of the cultivators.

6.2.6 Traffic Management

Traffic planning is mainly concerned with transportation services and their evaluation in terms of efficiency. Marketing manager should take maximum care in this regard because, the cost of transportation in the largest component in the total cost of any finished product. There fore, traffic planning should involve selection of proper carriers, documentation of shipments, payment of carrier charges, carrier performance etc. Help of documentation viz bill of lading, freight bill, insurance policy etc. and information feedback should be taken for considering specific comparison of traffic performance pertaining to billing, delivery time, and condition of goods delivered, Marketing manager cannot ignore loading and unloading costs and at the same time, he is required to pay attention to the minimum specifications for packaging and susceptibility of a product of damage. If products are highly susceptible to damage, necessary arrangement to provided additional bracing or other protective de-
vices should be made. It is always advisable to have a continuous programme of traffic investigation so as to find out whether owned or hired transportation is economical and effective from the point of view of both management and customers. However, it is worth mentioning here that it is opined that particularly in large companies. Owned transportation offers significant advantages as against hired one.

6 2 7 Reciprocity

Reciprocity involves the use of a firm's purchases to augment its sales. It refers to the practice of belying given products from vendor who also in return buys given products made by the purchasing agents' firm. It is the old game of "You scratch may back and I will scratch yours". In simple worlds, "I will buy from you if you will buy from me." Whether one should have reciprocal buying or not must be decided as a common policy. In fact, this is a very general practice through out industry. But this type of buying recedes during the periods of prosperity and increases when the sales are hard to make. Under such circumstances, purchasing agent is frequently reminded that, "We are one of your best customers." It can be decided to buy a product from a customer so long as his price for the product is reasonable and his product is one that we wanted. Thus, although reciprocity was looked upon as a negation of scientific purchasing practice in the past, but today in modern business it is considered as an approved company policy of marketing. It is a managerial problem and is especially prevalent in the non metals supply trade and in chemicals, petroleum products and iron and steel. It is more common among large firms than among small ones. While farming the policy about reciprocal buying, the following factors should receive, attention of the marketing manager

(a) "Increased recognition of the interdependence of the various departments of a business enterprise.

(b) Standardization of quality in the case of many products.

(c) Keen competition among buyers and sellers.

(d) Close personal relations among buyers and sellers, facilitated by associations and other factors."
However, it should be noted that no hard and fast rule can be formulated with respect to the practice of reciprocity. It is to be decided by marketing manager depending upon his marketing experience. As stated above, it is a sound policy to buy from one's customers so long as quality, service and price factors are equal. Under such conditions, the buyers will not lose anything but that may help him to strengthen his relations with the supplier. But such conditions may not always take place. Therefore, the results of buying are likely to be unsatisfactory when purchases are made without adequate appraisal of them. In view of the foregoing factors, a policy of reciprocity in buying should be adopted only after full consideration has been given to these advantages and disadvantages in particular situations.

6.28. To make or to Buy

Whether to make or to buy products for marketing is a problem that harasses the manufacturer. But in general a manufacturer may prefer to make rather than to buy when

(a) He desires to have his own private brand.

(b) He would like to obtain higher margin of profit and reduce price competition and when.

(c) He would like to exercise close control over quality.

However, it is difficult to arrive at a definite decision in this respect. Because some prefer to buy as they think that buying is an easy way out. The cost in this respect can usually be determined in advance and included in the selling price. In buying the products, the manufacturer runs the following risks.

(i) The products may not be saleable because of lack of quality; and

(ii) Selling price may be too high

Whether to make or buy should, therefore, be considered on merit of each case. In arriving at any decision what other manufacturers have done must be taken into consideration. However the following factors as pointed out by C.
F. Phillips should influence the decision.

6.2 8 (A) Reasons for making

(1) "Cost studies indicate that it is cheaper to make than to buy.

(2) Making fits your know-how, your equipment and tradition.

(3) Idle capacity is available to absorb overhead.

(4) What you are considering is unusual or complex; direct supervision is needed to assure control.

(5) The part is hard to transport.

(6) The design of the part or its processing is confidential.

(7) You do not wish to depend on a single outside source of supply."

6.2.8 (B) Reasons for Buying

(1) "Cost studies indicate it is cheaper if you are to buy than to make.

(2) Space, equipment, time and or skill are not available for you to develop the necessary production operations.

(3) Because of small volume or because of other capital needs the investment in making is not attractive.

(4) You wish someone else to face seasonal, cyclical or risky market demands

(5) The need for special techniques or equipment makes buying more logical

(6) You think it is best for your executives to concentrate on your specialty.

(7) You want a check on your own operation.

(8) Patents or customer-supplier relationship favor going outside."
6.2.9 To sell or to lease

From the financial point of view, it is advisable for the manufacturer of industrial equipment to decide whether he should sell or lease to his customers. However, majority of manufacturers choose to sell their products rather than to lease them. It is observed that a small number of manufacturers and influential concerns prefer leasing their products. It is also a common practice that some firms buy industrial equipment and lease them to others. Leasing of equipment is generally done. When such equipment is very expensive and may not be needed for continuous use by any one contractor. By doing so he can gain income from such equipment which otherwise would have remained idle. It is worth nothing that under a leasing arrangement, the owner usually retains the right to enter the premises where his product or machine is kept so as to have an easy access to it whenever he wishes. He also reserves the right to remove the machine and take back in case the user violates the terms of the lease, when it is given on lease, rental payment is made in the form of a charge per day, per month or per year.

6.2.9 (A) Benefit of leasing to users

(1) Reduces the burden of capital investment which otherwise would have been required for manufacturing the machine or any other product.

(2) Business risk is reduced as he need not venture his own funds in processing his equipment.

(3) Servicing problems are diminished. For example, if the machine taken on lease gives poor service resulting into interruptions in production. He can be exempted from paying the rent or charges. Thus it become an additional responsibility of the owner to keep his machine in usable.

6.2.9 (B) Appraisal of leasing from manufacturers point of view

(1) Gets larger return from a machine by leasing it rather than selling it.
(2) Leasing arrangement tends to stabilize the income.

(3) Helps manufacturer to obtain from the large user a greater total return per unit of his product than he can get from the small one. It further helps him to discriminate in final price among his customers on the basis of his products use fullness to them.

(4) Leasing policy throw a heavy financial burden on the manufacturer who follows it. If he sells a machine instead of leasing it, he gets back the working capital invested. If he leasing it, it is blocked.

(5) Under leasing any equipment, the owner is likely to be handicapped by strong desires of prospective customers to own their capital equipment. The ownership instinct may result into losing his equipment.

(6) Owner is required to set up and maintain a well-knitted organization and staff for rendering repair and maintenance service to its users. This is going to be expensive.

(7) Leasing is favored when the necessary equipment is costly in relation to the financial resources of the firm that is likely to make use of it.

(8) When equipment is used seasonally or its use by any user is sporadic or uncertain, the leasing method is favored.

However, finally it is left to the decisions of the financial and marketing managers to follow a policy whether to sell or to lease having taken into consideration the various situation explained above.

6.2 10 Finance

The present arrangement for financing the marketing crops are extremely unsatisfactory, the riots get finance for cultivation expenses from local money
lenders - cum - traders who enjoy an almost monopoly position in the village. In some case the rats of interest are exorbitant and borrowing farmer has to agree to sell the produce only to the lender. There is no doubt that the riot who repays the loan, measured by the creditor, a little for the village deity get very little for the trouble he has taken to cultivate his land. When the agencies engaged in marketing agricultural products find it difficult to borrow the necessary funds at low rates of interest, naturally the cost of marketing go up and the share received by the Producer in the consumers price falls.

6.3 WAREHOUSING PROBLEMS

Warehousing refers to the management by which goods are stored when they are not immediately need and are kept in such a manner that they are protected from deterioration. Suitable places for storage usually named as warehouses are provided for the purpose.

In common parlance the world ‘warehouse’ is used to denote a place of storage usually a warehouse is a building or room used for the purpose of storing merchandise. Thus, storage is a physical distribution function of marketing and warehouse is the tool with which this function is performed. Storage is just one of the marketing activities where as warehousing embraces storage and helps other marketing functions.

Essentially warehousing facilities are necessary to prevent loss arising out of defective storage. The need for storage facilities arises at every stage. In the village, the farmers require storage facilities to product their agricultural produce from rains from rats and other pests. In the Indian towns farmers bring their produce, both perishable and non-perishable goods for sale. It market prices are not suitable in the mandi or if better prices are expected in the near future, the farmers would like to store their goods in warehouses and cold storage rather than bring them back -to the village. There is then the need for warehouses and cold storage in mandis. Further the food corporation has become a leading buyer of food grains and often had to store 5 to 15 million tones of food grains at any given time. Finally, after the introduction of new agricultural strategy and green revolution. Production of many crops has ex-
panded considerably for example Jawar, Rice, Wheat, potatoes, onions etc. Scientific storage of these goods has assumed great significance in these days. Absence of such storage facilities forces farmers to sell their output at throwaway prices immediately after harvest and prevents them from of getting advantages of their bumper crops. Consumers also lose badly because middlemen are able to charge high prices for essential goods during off-seasons.

While no specific relationship between the co-operatives and warehouses was laid down. It was implied in the recommendations of the All-India rural credit survey committee that there would be close co-ordination between them. That warehousing facilities were primarily intended to not benefit ultimately the producers and their co-operatives. But as the marketing finance in terms of pledge or hypothecation loans is already being made available by the marketing co-operatives or credit co-operatives. The individual producer by himself is less inclined to avail of the warehousing facilities it is, therefore, only through the co-operatives and particularly the marketing co-operatives. That the benefits of warehousing facilities cannot be made available to the producers. And in order to not achieve this the marketing co-operatives have to assume predominately role in the marketing of the agricultural produce. But so far, as observed earlier, owing to the weakness of the co-operative marketing structure. Its relatively minor role in the sphere of agricultural marketing. The co-operatives are hardly in a position to not avail of the warehousing facilities another impediment to a more frequent no are of these facilities by the co-operatives. As also other is as not mentioned before, that the warehousing receipt does not have at present all the attributes of free negotiability in the same way as bolls of exchange etc. This prevent the use of this instrument for no an effective more than one transfer of ownership of commodities which is commonly not met with in agricultural marketing. But with the gradually not development of an integrated co-operative marketing directive and establishment of contracts by the marketing societies. Co-operatives would not have to resort mainly to warehousing receipt for financing purchase and sales operations. Thus with the further not development of the marketing co-operatives. Warehousing facilities would not have, to be resorted on an in increasing scale by the co-operatives. The warehouse receipt may not emerge as a major instrument for financing inter purchases and sales operations among the co-
Another important is one that merits consideration is that in respect of the allocation of functions regarding distribution of agricultural requests distribution of agricultural requests between the co-operative and the ware housing corporations. Under the integrated Rural credit scheme the distribution of agricultural production requests constitutes the legitimate function of the marketing co-operatives with credit societies acting as agents of the former. Though with a view to enable the corporations to assume a complementary role in this regard. Where necessary, the Act incorporates provisions enabling warehousing corporations to undertake distribution work as agents of the Government. It was generally accepted that the purchase sale and distribution of agricultural requisites which are essentially trading activities, would mainly undertaken of the state and primary marketing societies. However in one state for instance, the corporation has already undertaken the distribution of fertilizers on its own account and has been employing the marketing co-operatives and private agencies for the distribution work. Hence again, until such as the marketing co-operatives are in a position to undertaken distribution work, these could be, no objection to the corporation performing the distribution functions as a transitional measure. But with the organization and development of net work of marketing co-operatives. The ware housing corporations would have to divest themselves of such activities as the distribution of agricultural requisites.

To sum up, there has been a remarkable expansion in the number of warehouses setup by the district and state ware having corporations since the inception of the programme towards the middle of the second five gear plan. However, the development as between the different districts has been some what uneven due largely to the delays in the setting up an commencement of effective functioning of the individual corporation and their warehouses. Despite there short falls, there have been a significant expansion over the last two years in the advances made by scheduled banks against the security of warehouse respite which apparently reflects the increasing use of warehous-
ing facilities and of warehouse receipt as a credit instrument in agricultural marketing. Though not unexpectedly, the initial phase of warehousing development has been characterized by some important problems. First, there is the problem of imparting to the warehouse receipt all the attributes of free negotiability which has been examined by the low commission. Secondly, in the absence of a well develop of co-operative marketing structure, the warehousing facilities have so far been availed of largely by trades. But with the rapid progress of co-operative as planned for in the third five years plan, the marketing co-operatives would have to increasingly resort to the use of warehouse receipts a credit instrument, the basic conditions for the development of which have already been created. The main warehousing problem are as under.

6.3.1 Private warehouses problem

These warehouses are owned and operated by the manufacturers and wholesalers for storing their own goods. As such, they have limited value and utility because they are not available to other manufacturers or dealers. Private warehouses are not run as a warehousing business. Such warehouses and their services are available only to their owners and not to members of the public. Because of the heavy cost of construction private warehouses are found in much smaller number than public. Warehouses only big companies having large turnover and capital can afford to have their own warehouses so that they need not depend on their for storage facilities. Many public sector organizations have their own private warehouses for instance, the good corporation have constructed warehouses in different part of for its own use.

6.3.2 Co-operative warehouses problem

Co-operative warehouses are seen by co-operative societies such as co-operative marketing societies consumers societies. Industrial co-operatives etc. to provide warehousing facility in rural. These warehouse are similar to private warehouses but they run on the principle of co-operation. They are used for storing agricultural, commodities consumers goods, raw materials etc. Farmers small produces and traders are not benefited by such warehouses as they
can not afford to hire the services of commercial or public warehouses. They did not help the farmers to secure satisfactory prices for their products these warehouses not provided for series such as standardization, grading, packing etc. the co-operative societies no secure a number of benefits through such warehouses. They in turn no grant concessions to primary produces in villages and consumers in towns. But the Government encourages such warehouses by granting financial help and subsidy to co-operative solutions for the construction of such warehouses.

6.3.3 Cold storage warehouses problem

Cold storage facility are available only metro cities. But cold storage warehouses are largely used to store and preserve perishable goods such as eggs, meat, butter, vegetables, fruits, medicines, dairy products etc. these products are kept in cold storage warehouses at a certain temperature so that their quality and freshness would not deteriorate. But there types of facilities are not available in rural areas. As well as it is to much costly ration in concern of storage

6.3.4 Public Warehouses problem

These warehouses are owned and managed by individuals firms, companies, co-operative societies or public bodies such has railways, municipalities or Government, thus they may be in the private sector or in the public sector. Their services are available to the members of the public that is all manufactures. Wholesalers, dealers and others. They are also commercial warehouses. The owner of a public warehouses functions as a bail of the goods. Such warehouses perform all other ancillary marketing functions such as standardization, grading, labeling packing, branding etc. which normally any other warehouse performs. There warehouses may us may not obtain licenses from the Government. Licensed public ware houses have to function according to the conditions laid down in the license.
6.3.5 Seasonal production and consumption problem

Agricultural goods such as rice, wheat, Jowar, sugar, spices etc. are produced seasonally but consumed through the year. It is necessary to store them in large quantities so that they may be made available throughout the year. Certain goods such as umbrellas, raincoats, warm clothing etc. are produced throughout the year but are consumed during a particular season. They must be stored for ensuring smooth supply and for keeping the factory work-
6.3.6 Waiting for demand and favorable price problem

In modern times goods are mostly produced in large scale and also in anticipation of demand. It is necessary to store the goods until they are demanded. The goods may be demanded but the prices ruling in the market may not be attractive. Hence, dealers store the goods till their prices become favorable to them. Some goods may be required to be stored for conditioning, canning or processing e.g. oilseeds, fish, fruits etc. The speculators who are goods in warehouses in the hope of a rise in the price due to scarcity of supply. Goods should be well preserved so that they remain fit for consumption. But some perishable goods are preserved in cold storage so that they may not deteriorate in quality.

6.4 TRANSPORTATION PROBLEMS

Generally the transportation system is the sum of all technical instruments and organizations designed to enable persons. Commodities and news to master space. It's from at any time in the development of civilization responds to the vast complex of human needs economic, social, cultural, political and religious. In farm, the transport system has a vital influence on all human relations. As a matter of fact the growth of the transport system affords one of the principal clues to the history of civilization.

Transport includes with in its scope the movement of goods, persons and ideas. Though the movement of ideas through the media of the telegraph, the telephone, the radio and press is important to the modern civilization, for the purposes of our study. We shall confine our selves to the study of the systems by which goods and persons are moved from are place to another in civilized. "Transport system" would mean to include railways, roadways, inland and overseas navigation and airways. These transport systems have their economic, technical and organizational aspects. For our study the emphasis mostly on the economic aspects and the organizational, technical and engineering aspects are referred to only in as much as they affect the economic aspect. Cheap and rapid
transport is essential for the development of trade and commerce on a large scale. There is close connection between economic progress of man and development of transport by land, sea and any man's economic activities are limited by his power over the movement of goods and men. The markets are widened by better and quicker transport and the wider markets in won give fillip to the industry. The main problems of transportation are as under.

6.4.1 Economics and Transport problems

In whatever way we define economics the close interdependence of transport and economic life is obvious. Mankind in its ordinary business of life, the profound influence of modern transportation techniques on our very day lives makes an interesting. The characteristics of our modern every day existence specialization of production, cheap consumer goods the fast tempo of life and close interdependence between individuals, groups and nations are brought about mostly by modern means of transport. It is also inconceivable to think of our every day life without the modern fast, efficient and cheap transport. It may produce a good subject to some write of scientific fantasies to imagine a world, which one fine morning finds it self without modern transport. Mills would close down due to non-availability of raw materials drawn from distant places. Organized markets would collapse due to non-availability of goods from distant mills. The whole system of modern commerce would fall and with it would crash our entire system of modern living. Life would disintegrate into the primitive and feudal stages of inefficiency and scar city.

If, however we look upon economics as dealing with the efforts of human beings in allocating their scarce resources in a manner so as to achieve maximum satisfaction even the importance of transport becomes obvious. The greatest barrier which prevents a given flow of resources achieving a maximum of satisfaction is physical separation of the resources. Transport attacks this obstacle of physical separation and helps them bring together and thus enable given flow of resources to produces greater results.

6.4.2 Creation of place utility problems
All production is the creation of utilities i.e. the transformation by human labour and organization of the raw materials of nature into things which have the ability to satisfy human wants. The commodities may be more desirable to human being at one place than another. The function of transport is to bring this change of place. The transference of a commodity from a place where its marginal utility is relatively low to places where it is relatively higher. This is the creation of 'place utility' an important link in process of production.

Let us consider of how transport aids production of say. Cotton textiles, by creating place utility. In the first stage of production i.e. The growth of the product of the soil, the raw cotton, transport aids the agriculturist by conveying to the farm site the agricultural implements manners, and various other things that the agriculturist requires for producing cotton. Then, transport carries cotton from the farm, where it is in abundance and has less utility, to the mill site. Where it is required more acutely and has greater marginal utility. Similarly, in the final stage, transport carries finished textile goods from the relatively less useful place, mill godowns, to the markets, where they have greater utility. Through the process transport has created place utility and facilitated the productive system, aiding there by the creation of new wealth.

Different regions have specialized in the production of various commodities according to climate, fertility and technical skill. In the producing centers the demand for the products is little and therefor it has to be dispatched to far off distance Jawar, cotton, seeds, rice, wheat etc. produce in this district is distributed not only in Marathwada but in different states. Without the efficiency and sufficiency of the means of transport every place would be forced to be satisfied with only locally produced commodities. Production would be done only on small scale basis and the trade would be restricted.

6.4.3 Production of perishable goods problems

Transport also helps productions of perishable commodities by carrying them to consumers in distant markets. In Nanded district before the era of rapid transportation, food animals were slaughtered by local butchers and meat products were consumed locally. But now fresh and cured meats, canned prod-
products, hides and other by products are distributed not only in national markets but the refrigerated rooms of ocean stream ship carry meals to foreign markets, thousand of miles of away. Industries like fishing, meat packing poultry, dairy and fruit farming flourish on their present scale in many Talukas, because quick and reliable means of transport are available to them.

644 No Encouragement to New Industries problems

Modern transport has opened a large avenue of productions itself. The manufactures of locomotives, auto mobiles and other transport vehicle and the production of their parts. An accessories are to day one of the biggest industries involving capital and labour to not a huge extent. Transport facilities also assist in the location and operation of mines, oil industries, lumbering and many other extractive, industries. Every improvement in the means transport has furthered these operations. In short, the evolution of transportation systems from human pack - a back to modern railways, new buses model is also the history of the development of production from handicraft stage to large scale production accompanied with territorial division of labour.

645 Localization of Industries problems

Transportation in proves the organization of industry and lowers the cost of producing goods by facilitating territorial division of labour or specialization in production. Numerous factors like climate proximity to raw materials and labour supply, apart from transport facilities, react to determine the localization of industrials. But the no availability of the means of transport is the most important consideration, for the simple reason, that all the other factors put together would not ensure localization in a particulars area until the interpreter is absolutely certain that his finished goods can be transported cheaply and quickly to distant consumer markets. Further efficient transportation facilities can fairly neutralize the disadvantages of distant raw materials and labour supplies. For example, cotton textile industry is localized in Nanded and important transport center, although cotton is drawn from fairly distant sources.
Localization frequently takes place at a centre which neither produces raw material nor is the market of the finished product. Here transport cost usually determine the exact relation which the localized centre bears to these two points of attraction, i.e. source of raw materials or the market. The finished product is generally less in weight than the raw materials of which it is composed, the fact may attract the industry back to the source of the supply of raw material. Lower transport charges on bulky raw materials than on the finished goods may attract the industry forward to its markets.

In Marathwada the reasons for the early concentration of cotton industry at Nanded are to be sought for in the superiority of transportation of this centre over the centre of the interior. As Nanded had to obtain its goods of first order and half materials from long distances and had to places its not goods in equally distant markets. The geographical distance relations of its industry seem to he unsatisfactory. But it has to be borne in mind that for influencing the location of industries. It is the transport relations and not the distance relations that have economic importance. Similarly, the effect of the modern means of transportation has no-less been decisive in influencing the location of cotton industry in the ‘Godavari’ river in an left side of Nanded.

6.4.6 Specialization of production problems

No specialization of production has become not possible because of the efficiency of transport. In Nanded, have not specialized in cotton textiles. But specialization leads to division of production into processes and sub-processes e.g. The production of cloth may be divided into several processes. Cotton ginning may be done at one place, spinning at another and leaving at a third place. The more the efficiency of transport, the greater will be the not possibility of specialization.

6.4.7 Large scale production of Goods problems

In the absence of cheap means of transport, goods will not be sent to far off distances, then market will be restricted. Accordingly the scale of production will be small. Industry Transport encourages large scale of production will be
small. Industry transport encourages large scale production which in turn leads to a reduction in the cost of production per unit of output benefiting industry and consumers thereby.

6.4.8 Transport charges and cost of production problems

Every producer is interested in transport charges, because the enter the cost of production and limit his competitive ability. However, it is primarily the relative charges which are of importance to the producer. If the absolute level of transport charges increases, all the produces will be affected to the same extent. The profits of the individual producer may temporarily be lessened due to a decrease in demand owing to the increased price but his competitive ability with the other produces remains unaffected. In the long run, the burden of the higher costs will be transferred to the consumers in the form of increased price of the commodity. But relative transport charges, which may discriminate one producer in preference to another and thus limit his competitive ability, are of vital concern to him. Complaints as to rates are more often in respect of undue preference than of their intrinsic unreasonableness.

However, the district is concerned both with the relative and the absolute charges in transportation costs. The district must ensure an absolute low level of transportation cost in the interest of the welfare of the people in general. Low transport costs make for cheaper commodities, which in turn stimulate consumption. A greater consumption brings in a higher standard of living the district, in all civilized societies, is responsible for the standard of living of its citizens and thus, the regulation of the transport system to ensure cheap rates becomes one of its duties.

6.4.9 Transport and Exchange Problems

Transport by reducing the influence of distance, has made modern commerce possible. The significance of transport system stands out clearly in economic interdependence which characterizes all economically developed region. The “would market economy” is not merely a territorial expansion of commodity exchange relations but a whole transformation brought about in
those exchange relations by modern means of transport. Large scale transport is the prerequisite of the international division of labour by which some districts have become predominantly agricultural which the others remain mainly industrial. Moreover large-scale transportation has reduced rates. Price differences in various regions of the district have been reduced. So that, how price structures of commodities are basically.

6.4.10 Transport and distribution problems

The problem of distribution deals with the allocation of the rewards from the net products, i.e. the new wealth created per year in a district productive / state productive system; among the factors of production. We shall how discuss how transport affects the rewards of the factors of production, rent on land, interest on capital, wages and salaries for labour and profits for enterprise.

(i) Rent problem

Agricultural and urban rents have risen appreciably with the growth of efficient transport system. The rent of agricultural lands depends on the productivity and the location of land. The productivity of agricultural land is influenced by transport, because with more efficient transport system. It become easier to secure for application to the land those elements of fertility, such as nitrate and potash, that are needed to adopt it to a particular purpose and are lacking or having been exhausted through longer unwise use. Many lands, which would be unprofitable for agricultural purpose if cheap transportation does not enable the product to be carried to distant market have been brought under the plough. Thus transport system have brought many sub marginal lands with in the margin of cultivation. Transport there fore land - to - increase land rent and value even in re note agricultural regions.

Rent of urban sites and buildings depends mainly on locational advantages, which are mostly determined by the transport system serving the locality. The rent of a site close to the railway junction or on the bus-route should naturally be higher than the rent on a corresponding site which is far from the means of transport.

(ii) Interest Problems
(ii) Interest Problems

Improved transport facilities tends to increase rate of interest and to reduce differences in it that may exist in various markets. Improved transport aids production and there by influences the increase in capital resource phenomenally. Hence the capital seeking investment also increases in volume, resulting in a tendency for the rate of interest to decline. But this is balanced by the larger avenues for capital investment opened up by the transportation. The resultant effect of these two contradictory tendencies is to stabilize the declining rate of interest.

(iii) Wages problems

Transport helps to increase the on ability of labour by providing free movement to centre of employment and industry from surplus rural areas, as also from one centre to another. This helps to increase and equalize wages. More ever, increased transportation makes for cheaper commodities. In turn; this means an increase in the real wages of labour, i.e. the enhancement in the quantity of goods which one can by from the money wages.

(iv) Profit problems

Transport services by opening up new avenues for captains of industry directing affect the enter presser’s scope and rewards. In fact entrepreneur, essentially, a modern institution has been fostered, by the development of efficient means of transport by increasing opportunities for his activities.

6.4 Transport and Consumption Problems

Transport has helped in bringing about realization of industries and extension of markets. But large scale production and exchange have not tended to reduce the cost of production per unit of the commodity. The efficient of transport system ensures the steady flow of cheap commodities to the markets. The no steady supply of cheap commodities and not ensures the general prices as well as no stability in the markets. In the 21st century India was ravaged by many famines of severe nature. One reason of which the lack of
transportation facilities. Failure of timely rains or excessive rains were no
doubt often responsible for their occurrence but they could have been averted,
had the facilities for equalization of supply existed and no stimulate a higher
standard of living in all villages. Standards of found housing, clothing etc.

6.4 12 Social and Cultural effects of Transport problems

Transport by breaking down the barriers of distance which formerly separated one region from the other has multiplied the social and cultural links which are characteristic of modern life. Not only goods and commodities but ideal and fashions are conveyed from one place to another. The villages and small town well gradually exchange their dialect for tongue. By the increased frequency of communion with other places and persons, customs and superstitions that have for ages resisted the progress of other agents will give way to the force and rapidity or this factor and with the passage of time, local dialects, customs, dress and other distinctive characteristics of localities have given way to widespread norms of larger economic and political centres.

More over transport by no enabling a regular flow of cheap commodities has tended to stimulate a higher standards of education not improved radically since the times. There has also been a no change in occupations, habits and trends of thinking.

6.4 13 Limitations of Transport problems

Has transport development of the Nanded district resulted in unqualified human progress? Transport has undoubtedly helped to satisfy old elementary want more adequately and has created now ones. But can mass-production which transport has created, be considered a real advance? The standardization has wiped out the last remnants of the individuality of the cottage producer. Snobbery of much advertisement and the mass production of goods which transport has created. But the slums and unhealthy housing in cities are largely a product of the ill-balanced growth of transport. Similarly transport is responsible for the familiar evil of “Ribbon development of cities. In order to relieve a congested road, a by-pass is constructed. But buildings, shops and
factories advantages of being along a transport routs. The main purpose of the by-pass is lost because it becomes congested with local traffic and very soon the problem of by-passing the by-pass presents itself.

On a sober consideration non of there disadvantages is inherent in transport. They are functional and not organic diseases. Such a diagnosis immediately prompts the remedy of economic planning. It is the unbalanced growth of transport rather than transport itself, which is responsible for the defects.

6.4.14 Less Reliable Problems

Road vehicles generally even the mechanized ones, are not very dependable in their operation and are less reliable then the railways. Road transport mostly caters for short distance traffic and each journey is independent of other journeys. If there is some delay in a particular journey its effects remain confined to that unit of traffic only. Therefore the organizers and hailer do not pay much attention to punctuality as has to be paid in other transport services. Urban bus services are also more strict in their time age because their passengers, the office workers. The business men and factory workers etc. have to be punctual in reaching their place of work.
6.4.15 Accident problem

Transportation is also less safe in certain respect than other forms of transport. Although accidents are usually not so serious as accidents, their frequency is undoubtedly very large. The reasons for such accidents are that roads are never clear for traffic in the reuse. Roads are common public property and used at all times by pedestrians, animals and different types of country and mechanized road vehicles. Most or road users lack of a proper road sense and do not follow the rules of the road. On hearing the sound of a motor horn, different road uses at once react differently. Some move to left, some to right and other do not move at all. Such different reaction result in accidents. More over road authorities frequently neglect the maintenance of roads. Proper lighting arrangements are not provided with the result that at night and after rains delays become unavailable and serious accidents are caused.

6.5 POLITICAL PROBLEMS

Co-operative has been accorded a place of pride in the district planning system. It has recognized as an instrument of district policies connected with increased production, equitable distribution and distributive justice for weaker section. For proper development of co-operation as an institution an instrument of district plan and policy, competent and dynamic leadership have become inevitable factors.

Leadership is a word on everyone's lips, young attack it and the old grow wistful for it. Parents have lost it and the police seek it. Expert claim it and the artist spurn it, while scholars want it. If bureaucrats pretends they have it, political wish they had it. Every body agree there is less of it then there used to be. Leadership is implicit in the process of all human groups and it is only in the context of the structures, norms and goals of these groups that leadership can be understood scientifically. Each group has a set of explicit or implicit aim or goal for achievement, so a certain degree of leadership is required to co-ordinate and direct the activities of group. For a co-operative group which is formed on the basis of equality for the promotion of common economic interest. Leadership in not less important. W. P. Watkins has pointed
out in his work “Function quality and qualification of leaders.” That if people are to achieve the common objective for which they ban themselves together, some one must take initiative, make proposal, assume responsibility for carrying them out. They should also direct and inspire the rest with the will to achieve the result decided.

Co-operative in India has foundation on democracy and its values, so leadership is imperative for such movement. Leadership is an element which makes the democracy dynamic. Where there is no leadership, there is no movement. Co-operative leaders are identifies those persons who are engaged in the task of carrying and controlling the activities of co-operatives. Cooperative is a democratic movement which could forge for ahead only in proportion to the foresight, dynamism displayed by its members in general and by the co-operative leaders in particular.

The never wanted local initiative and independent leadership to develop. Thus source of leadership and its quality were limited. The leadership could emerged only from groups which were loyal to Government. This was because on the one hand it was not possible for foreign Government to entrust the leadership to politically motivated co-operative organization who could be hostile to them. there for much of the efforts were on to search local leaders, pick them out and assist them to get into management of co-operative. The leaders were usually chosen from amongst usually chosen from amongst those who were recognized in the locality as men of integrity and who can work for common cause with interest of general good. They were either natural leader of community or caste which formed the co-operative society otherwise wealthy persons who where inclined to serve their fellow men and render helping hand to such people to improve their economic condition by joint effort. The Government and its policies have major influences on the progress of co-operative movement. Thus support to development of co-operative movement in pre independence era by British Government was due to its administrative failure to look after the welfare of rural masses of India. It deliberately kept co-operative movement away from freedom movements by the help of hand picked co-operative leaders. This deprived on opportunity of emergence of competent co-operative leader from with in the organization or movement. British Government did not incorporated it in policy matter and used it as
instrument of implement its popular schemes. Unfortunately this situation regarding co-operative has still not changed even after 50 years of independence. After independence Government came cut with financial assistance under various planned schemes to translate the vision of co-operative in to ground realities co-operative in Nanded district is now very much instrument of planned economic development. The growth and direction is determined in the broad from of plan objective and priority. In post independence period Govt. played a crucial role in co-operative development through financial outlays in successive five year plans. Government initiated policies with regards to promotion of co-operative in carrying out economic activities and developing legal frame work for development of co-operative. This helped co-operative to spread itself in all direction covering wider and wider field faction. Despite this fact co-operative movement has very a few glorious success to emulate. Green revolution of 60’s was not possible without supportive role of co-operatives. White revolution of 70’s also owed its due to co-operatives These phenomenon successes were result of vision and determination of individual co-operative leader who was part and parcel of movement. Due to lock of emergence of co-operative leader from within the movement and predominance of district-sponsored leaders. Co-operative is successful in a few district only. The co-operative leadership is facing the following political problems.

6.5.1 Social value

Success of co-operative organization which function on the basic of peoples participation and involvement has to be part and parcel of the social system. Economical and technological changes are distributing the basic fabric of society. Access of electronic media in remote places in reviving the spate of consumerism over socialism. Down fall of socialist empire and else where in world has raised doubts on them of common interest. The mutual help business not for profit but for protection against exploitation today capitalism is hailed as a winner and it is spreading undated the guise of liberalization and globalization. In free market system under liberalization and globalization. The competition become intense and success or failure of any organization or
enterprise or institution is measured in term of profit of loss “Profiteering tendency” is once again raising in ugly head to play havoc on unorganized unprotected economically weak class. Several co-operatives found the in new market, which took them by surprise. They forgotten true nature of competition and need for international co-operative.

6.5.2 Organizational effectiveness

Co-operative in this country have generally three tier federal structure with village level institution as primary tire district or state level institution as secondary tier and national or state level institution as apex tier. Three tire are linked together in terms is technical advice, financial support and common business strategy. Strengthening of federal structure is prerequisite for developing viable co-operative model in future unfortunately all three tiers are working in tandem and they lack coherence in mutual assistance. There is along duplication of efforts which result in wastage limited resources and potentials. Co-operatives as an organization need restructuring and consolidation of its resources for its optimal use for principles of co-operative. Effectiveness of an organization also depends of style of management decision making process and achievement of objective enunciated in the bye-laws. Organization should be guided in the line of professional management and should be large enough to be flexible to accommodate any change within itself. There is no reason why co-operative organization can not be competitive, economically viable and profit oriented provided it has dynamic and imaginative leadership to give guidance. There is consensus that movement must be rebuilt from the grass root primary society that comprise its based. Primary society should be small enough for members to be able to relate to them, yet large enough for efficient and effective operation. The federal structure of co-operative need to be strengthen. It become necessary to establish effective inter co-operative relationship between various unit of federal structure. This types of structure has been found to be appropriate given the geographical dementia and administrative set up of the district.
6.5.3 Government Intervention

What cooperative is needed today is freedom from the shekel from the Government intervention. This will give some amount of autonomy to the cooperative leader. There should be changes in the nature of Government interaction with the cooperative. Earlier Government tend to control and guide the cooperative movement. From its present role the Government should switch over to the role of promoter. It should frame a comprehensive policy an broad guideline for the operation of cooperative and should play a role of supervisor. Financial assistance in successive five year plans is on decline which indicate that Government except cooperative, like other organization, to be self reliant is long run. Sooner the government give a freedom to cooperative better it will be for viability cooperative. This will not only help the emergence of new leadership and management to the cooperative but also strengthen the democratic norm by way of micro planning an implementation.

6.5.4 Co-operative and conventions

If one accepts the plain and simple truth that it is practically impossible for any law or act to provide for each and every contingency. It will not be difficult to recognize. The inevitability of conventions existing side by side the legal provisions. On this premise, we may as well as conclude that conventions in one from or the other did come into existence along with the enforcement of the first co-operative Act. 1904. The earliest practices of having one society for one village and one family one member were not merely policy enunciation but were conventions evolved jointly by the co-operative department and the co-operators. But there is one fact which we cannot ignore. The conventions evolved and developed very directly with the quality and standards of human behavior prevailing is the era in which the coops. Were or are functioning. The higher the level of moral or ethical values. The higher the respect for conventions and greater the obedience. The converse of it is self-defeating. But it must be clarified that, in an ideal situation. The through the classifying the conventions as good or bad, it self is inconceivable. The fact that conventions are based on moral and ethical consideration, make any attempt at such classification a question able and risky exercise. However, the
on setting of depletion of moral values and decline in human behavior in the recent past does embolden me to venture upon such a course.

6.5.5 Period of sound conversions

This first quarter of this century which paved the way for laying the foundation and diversification of the coops, movement and the quarter that followed during which decentralization of co-operative legislation took place, saw the emergence of well thought out conversion for co-operations to adopt and abide by them. Along it is difficult to specifically describe these conventions in the normative or prescriptive forms. We can ascertain their implicit influence with the help of general quality and characteristics of the movement of those years. Following were prominent.

(i) Personal character and antecedents of the applicant were given higher weight age while admitting members.

(ii) Prompt holding AGM and attending the same was deemed sacrosanct- seeking postponement was an exception rather than a rule.

(iii) Elections to managing committee were held by and large. In a cordial atmosphere and in a sportive spirit-election disputes were few and far.

(iv) Members entrusted the management responsibility to men of unimpeachable character.

(v) Incidence of frauds and misappropriations were a renitence single event of this nature used to cause a flutter throughout the movement.

(vi) Business operations were carried in a most prudent manner.

(vii) Defaults were few except during the great depression and defaults if any were unintentional.

(viii) General body of members the M. C. and the secretary functioned largely in a harmonious manner and with in their assigned bound-arias-disputes between members and the societies were at a minimum level.

(ix) Interference by the department Government in the affairs of the soci-
cty was least and the movement enjoyed complete autonomy.

(x) In sum adherence to coop. Principles, the Act rules and bylaws was almost total. The only major criticism heard about the agricultural credit dominated movement of this period was, it was very slow in progress; membership coverage was major. It under-nourished the agriculture and it lacked the bold business entrepreneurship qualities and acumen.

6.5.6 Rise of unhealthy practices and Attitudes

We may identity the negative forms of conventions on the same criterion which we adopted for describing the sound ones in the preceding paragraph. The period of unsound practices started around the closing year of 1950. No cooperator had imagined that the idea of district partnership in co-operatives which was accepted by the movement with great enthusiasm and expectations. Would turn out to be a mixed bag. No doubt the movement was able to register speedy and around progress in agricultural credit marketing, processing consumer dairying urban banking, having and several other sectors. But it is quite disturbing to observe that signs of undesirable practices started penetrating the movement in less than a decade of district partnership and began surfacing in a larger scale in subsequent decades. The despicable habits and customs gradually spread to acquire the dimension of general tenderly of behavior on a wide spectrum of the movement. We may cite a few trends in the direction.

(i) Wide – spread tenderly to avoid holding of annual general body meeting of members and seeking extension on one pretext or other.

(ii) Restricting membership of societies and banks by unfair means and in an arbitrary way in spite of the several amendments relating to procedure of admission

(iii) Overlapping of areas of operation especially in urban co-operative like consumer, house building society and urban banks.

(iv) Introduction of group dynamics in coop. Functioning right from the stage of election to M. cs extending up to provision of services to members open canvassing on group basis has become a routine affair.
(v) Autonomy of the movement is abridged with the taking away of the powers by government to issue directions to coops. Under certain circumstances.

(vi) Increasing tendency towards competition among co-operatives in the areas of in rolling membership, raising share capitals as also in providing services.

(vii) A growing nexus between coops and private agencies even when the required services are available from the neighboring co-operatives oversees, the managements of cops have tended to prefer private sources of supplies.

(viii) Reluctance on the part of office bearers to give up their positions on expiry of the term of office a proof of unabated growth of vested interests, the number of influential co-operators seeking exemption from the operation of section 29(D) under section 121 of the KCS Act is on the increase those who do not seek such exemption manage to place their dummies till they re qualify for the post.

657 Over-politicization of movement

The original objective behind the law providing for appointment of Government nominees was mainly to ensure expert advice and guidance to coops in their discharge responsibilities. Safeguarding the interest of Government investment was also their responsibility, no donut. But it was not the sole purpose. This legal provision was gradually manoeured and articulated by every successive government in such of fashion that it suited the political exigencies. Now a days expertise in the concerned field is not at all the guide factor in Government nominations. Nomination of party functionaries has become the rule of the day sometimes, super scission of managing committees is also resorted to on political consideration but under a legal grab. What is more amazing the Government which at once upon a time resorted to amending the coop Legislation to prevent and curb the growth of vested interests in coops. Have them selves developed vested interests in the co-operative movement. So much so that, it has been treated as an informal wing of the government irrespective of the party in power. The phrase during the pleasure of Govern-
ment has in this way come in very handy to use co-operative almost on par with any other political arm of the party. Not satisfied with the policy of restricting the government nominations up to taluka level co-operatives a party in power decided to extend nominations further down to village level coops so as to enable it to keep the party’s rank and file in good humans, besides, normal functioning of the movement is in total disintegrate become of effective political lobbying for general postponement of general body meetings [ with or without elections ], waiver of interest and loans to certain types of coops. There by resulting in disruption of loan recovery system which in turn has lead to rise in the number of international defaults among borrowers. The moral ethos is thus totally subverted.

6.5.8 Coops Leadership by split personalities

Another disturbing convention that is being slowly built-up is the tendency of co-operative leadership being provided by persons with dual personalities. This we may say is a corollary to the tendency of over politicization of the movement just discussed. More and more coops are yielding to the leadership providing by co-operator – cum – politician or vice versa. these leaders represent the combination of both coop. Conscience and political conscience. Experience has show that the co-operative instinct or impulse in a leader gets diluted the moment he enters politics and more so when he becomes a legislator or a minister. Although there may be quite a few coops which have benefited by having leader with 2 in 1 (Two in One ) personality. It will be well appreciated if both the members of coops and the politician – cum – co-operative leaders realize the adverse impact of such leadership on the movement cannot hope to be self-reliant in respect of its leadership needs as it would be deprived of an opportunity for growth of genuine and devoted leadership from within the movement. The history of the movement has already shown how much damage has been inflicted on the image of the movement because of its close proximity to politicians and through them with the Government. There are a good number of instances were co-operator - cum – politicians leaders were compelled to subordinate their co-operative conscience to the dictator of political conscience when ever major policy decisions concerning coops
6.5.9 Professionalism - nobody's concern

We know very well that the efforts to inject professionalism in the coop. Sector were started right from the 1960 by devising and implement management oriented training and education programmes through distinct and decentralized institutional structure operating at district, regional and state/national levels. But it is unfortunate that this serious exercise has not yielding the desired result paradoically, the number of trained co-operators executives and employees through continuous seminars, education and training programmers and even studies tours, is increasing while professionalisation still remains an illusion. There is no seriousness among the trained co-operators and executive staff to apply and adopt the modern management principles and practices to co-operative setting. The moment the co-operators and executives and employees resume their duties after attending education and training programmes, a process of unlearning starts. Because on one side the co-operators do not manifest the desire to imbibe the qualities of professional directors/state country they simply refuse to emulate them saying "the situation in our society or our District is not amenable for adopting their system or practices, however sound they may be" on the other side, the trained executives and staff try to pass the book on their masters reluctance to introduce professionalism. A felling of complacency exists especially among employees of higher level coop bodies as they comparatively enjoy better employment. The lack of professional environment. The urge for professionalism thus includes the coop sector.

The cumulative effect is that these undesirable practices. Conventions and attitudes have made a mock cry of co-operative principles and most of restrictive provisions in the law have remained only on paper. All the participants in the post independence drama of the co-operative development the corporators including these employees, the Government, the reserve bank of India, the developmental agencies of the instruct and state levels have there fore, to share the responsibility for the sorry state of affairs engulfing the movement.
6 5.10 The way out

There cannot be any disagreement on the urgent need for preventing such unhealthy practices and attitudes from taking deeper roots. But the question arises 'how?' and 'when?'. It may be observed that some of the practices new conventions may be created in matters of admission of members, election to coop, boards committees, representation to experts in the concerned fields as permanent invitees on boards or committees development of genuine and self reliant coop leadership. Norms for inter and inter-coop. Business relationship, obligations to hold A GM’s promptly etc. so that they could serve as guidelines or do’s and don’ts for the present and future generations of cooperators. Responsibility for evolving such conventions should be entrusted to panels specially formed for this purpose at the district. State and national level coops for each sector and comprising of experienced cooperators and experts. There may also be a coordinating and monitoring panel at the level of district coop unions and the state national coops union of India. Automatic cessation of membership of persons who are final for offences committed.

Proxy voting in a primary society may be allowed limiting it to any one adult member of the registered members. Family by husband / wife as the case may be, if the registered member is unable to attend general body meeting for genuine and convincing reasons. This arrangement will be in keeping with the principle of one member one vote the existing section will have to be suitable modified.

Holding a person committing offences of a political nature like scams, scandals etc. is ineligible for membership of a society. Voluntary and automatic refinement of office bearers on attaining the age of 70 or 75 years and continuing as ordinary members there after a ceiling on the number of societies in which a person can become a director/ M.C. member, though there is no statutory limit. A person’s ability to do justice and to make himself available for discharging the duties as director should be the guiding factor in fixing the limit Automatic relinquishing of an office bearer in co-operatives as soon as
he become an MLA/MLC or a minister that a member of parliament or legislative assembly will not be eligible to hold office in a society. It also provides that where an office or member of the managing, comity of a co-operative society becomes a member of Vidhan-sabha or parliament, he would cease to hold office in the society. Introducing a system of performance-based leadership of coops at district / central level for each sector in lieu of the present system of numerically based effected leadership, unrelated to its performance. That is to say the president of a primary society with highest record of performance should head the central society for that sector’s and similarly for district level coops. A new mechanism will have to be worked out for this purpose.

If we cannot make up our minds to evolve and adopt sound conventions in order to arrest the undesirable customs and practices there is no other way but to resort to amendments. But I do not advocate further amendments to coop societies because our experience has shown that they cannot provide an effective remedy of a long-term nature especially in matters concerning personal behavior and conduct. This is more true in the present day context of deteriorating standards of human behavior, in all modes of life despite the extensive amendments to inserting restrictive provisions to curb the malpractice of vested interest, they have not served the purpose. In such a situation, evolving sound conventions and putting these into practice by cooperatives themselves of their own volition and devising a code of conduct of or members, directors office-bearers and employees appears to be the only way out. I conclude my appeal by inviting the attention of all the co-operators to the words of practical wisdom and common sense uttered by committee on cooperation, in spite of all precautions recommended to tackle the problem of vested interest. It may still be possible for clever persons to manipulate things and enjoy ille-
legitimate benefits from a society unless the general body of members maintains vigilance. Such matters relating to ways and means of preventing misuse of coop. Societies by vested interests should best be left to be regulated by conventions evolved and developed from within the movement. “Let us then start with the new experiment of evolving healthy conventions and codes of conduct for various functionaries at different levels in the coop. Structure with right earnestness and without loss of time.

6.5.11 Political Responsibilities of leadership

The person who take on the primary political leadership role in a cooperative shoulder considerable responsibilities, and it is they who must articulate the members, wishes. The political leaders need to be in touch with the underlying aspirations of their members, and then be able to convert these into a plan of practical action for their achievement.

6.5.12 Political leadership vacuum

Where strong political leadership is absent, a political leadership vacuum is often created in many co-operative banks. The occurs especially when the original purpose, clearly understood by the founding generation of members, become lost, political leadership vacancies will always be filled, but not necessary in the best interest of membership. There are a range of such “hijack” opportunities with co-operative and it is relatively easy to identify the “defacto” cardinal member by discovering which group in reality, receives the major benefits from the activities of co-operative banks.

6.6 FINANCIAL PROBLEMS

The conceptual difficulty in diverting larger bank credit to priority sector revolves round the need for theoretical and policy changes. The recommendation of rural credit survey committee was strongly in favor of making such changes. The Government since 1965 supported all the recommendations of rural credit survey committee.
However more support from the Government of rural credit survey committee recommendations were not sufficient to change certain conceptual beliefs like “security” and profitability which have been traditionally held to be very sacred principles of commercial bank leading. The changing these belief need much time.

While the traditional concept of “Security” can be easily implemented, since it is relatively easy to assess the market value of tangible assets. It is practically more difficult to assess the productivity and social importance of loan application.

There is also the difficulty involved in the effective and end-use supervision of agricultural loans, which are borrowed by cultivators dispersed all over the village often at considerable distance from the leading bank office, in the absence of which they are liable to put unproductive uses, resulting in mounting bad debts, a part from the vast of scare resources from the social point of view. Granting of such loans will therefore need a large supervisory staff and which leads to increase in the over head expenditure of the banks.

Lastly, diversion of larger credit to priority sectors may put the traditional sectors of bank financing into the undue hard ship by denying them the finance which they genuinely need.

It is hence necessary for co-operative bank to assess properly the credit absorption capacity of the priority sector so that credit extended to them does not remain idle, but is fully used in productive lines.

The main causes or the problem of schemes to be finance under priority sector with the announcement of the programme and subsequent development the cooperative banks were asked to put more efforts in helpful poorest among poor. In the light of requirement of programmes, particular, mention may be made of the following schemes which are considered by Nanded district central cooperative bank for financing either directly or indirectly.

No schemes to finance new land allots, who have given land for various productive purpose including crop cultivation land development, reclamation leveling and development of irrigation potential. The main problems of schemes for financing the freed bonded laborers for the purchase of milch animals, poultry birds, sheep goats, pigs and also for financing fist farming.

No schemes for financing small farmers, marginal farmers land less laborers
and rural artisans whose debts have been scaled down or liquidated.

The problem for financing the weaker section of society for the construction of houses on the sites allotted to them, as well as no scheme for financing former to bring more areas under irrigation.

The problem for financing scheduled castes, scheduled tribes for their various financial needs, including need for consumption finance.

No scheme for financing weavers for the development of hand looms and retails trade for supply and distribution of essentials commodities.

The main problem for financing various crafts sponsored by the Khadi and village industries commission and traders under taking supply and distribution of quality cloth.

The problem for financing transport operators holding nation permits and weaker section under the rehabilitation of programme.

The Indian farmers generally speaking, are illiterate, ignorant, superstitious conservative and bound by outmoded customs and institutions such as the caste system and the joint family superstition and belief in fate are the curses which keep the farmers are not motivated by considerations of economic progress. unless the present atmosphere which supports bank ward ness and stagnation is changed there is no possibility of agricultural progress.

The real problem, of Indian agricultural and financing is that there are too many people who depend on agriculture. The proportion of people dependent on agriculture has almost remained constant at about 70 percent. The natural increase in population could not be absorbed in industries and even these who followed traditional handicraft had to give them up and adopt the modern agriculture and financing system.

6.7 PROBLEMS OF RECOVERY OF LOANS AND ADVANCES

An agricultural productivity in Nanded districts per hectare as well as per worker is the lowest. There has been some improvement in recent years. Particularly during the plan period. But conditions in agriculture have not changed much. It will be useful to analysis the factors responsible for the back ward ness of agriculture. It is main reason, not recover of loans and advances. An understand-
ing of these factors will help to appreciate the lines of action adopted by the Government to take the problems of recovery of loans and advances are as under.

6.7.1 Discouraging Rural atmosphere

Discouraging rural atmosphere the farmers, generally speaking are illiterate, ignorant, superstitious, conservative and bound by outmoded customs and institutions such as the caste system and the joint family. Superstition and belief in fate are the curse which keep the farmers fully satisfied with their primitive systems of cultivation. The farmers are not motivated by considerations of economic progress. Unless the present atmosphere which supports backwardness and stagnation is changed. There is no possibility of recover loans and advances.

6.7.2 Inadequate Non-farm services

An agriculture has suffered because of the inadequacy of such non-farm service as provision of finance. Either these facilities are non existent or it they are available. They are quite expensive. For in stance, till recently farmers had to depend up on village money land less and had to pay very high rates of interest. So high that once a farmer had borrowed. He was bound to lose his land and become a land less labour. Other sources of finance did exist. Such as cooperative and the Government but they were almost insignificant. Like wise, until recently the farmers could not secure storage facilities in towns and were cheated by the wholes alter and commission agents there. Thus a very important fact or responsible for agricultural backwardness in Nanded district was the inadequate non-farm service.

6.7.3 Size of Holding

The average size of holding in Nanded district is very low, less than hectares or 5 acres. Not only agricultural holdings are small but they are fragmented too. In certain parts of the district plots of land have become so smart that it is
impossible to move even an ordinary plough. Since the average agricultural holdings are too small, no scientific cultivation with improved implements, seeds etc. is possible. Small sized holdings lead to great waste of time, labour and cattle power, difficulty in proper utilization of irrigation facilities, quarrels and consequent litigation among farmers, wastage of crops in the absence of fencing etc. The existence of small holdings is one of the causes for poor agricultural yield.

6.7.4 Pattern of land tenure

A very important factor for low agricultural productivity was the absence of proper incentives under the zamindari system as well as under landlordism, the cultivator was not the owner but could be turned out of the land he was cultivating, by the owner. Even though the zamindari system has now been enacted in various Talukas, the position of the tenants is far from satisfactory. The cultivator does not often own the land, he has to pay high rents for the land he cultivates, and he has no security of tenancy and may be turned out of his land at any time to landlord desire under these difficult conditions. It is impossible to expect the tiller to increase agricultural productivity.

6.7.5 Poor techniques of production

The Indian farmers have been using old and inefficient methods and techniques of production. Since they are tradition bound and also poor they have not adopted the modern methods which are so widely adopted in this district only in recent years and that too to a limited extent. The farmers have started adopting improved implements.

The use of both farm yard manure and chemical fertilizer in extremely inadequate. The importance of good quality seeds to increase agricultural productivity needs no emphasis. But Nanded district farmers have been using seeds of indifferent quality either because they do not have the means to purchase good quality seeds or because the seeds they keep apart for sowing...
purpose have deteriorated due to bad storage conditions.

6.7.6 **Inadequate Irrigation facilities**

One of the basic problem for the weakness of Nanded district farmers have to depend upon rainfall and very few of them can avail the facilities of artificial irrigation. The problem of low productivity which we have briefly outlined. At one extreme attempts are being made to find alternative employment for rural population and to change the occupational structure in such a way that only 60% of people will depend on agriculture. Government is tackling the agricultural problem through land reforms.

6.7.7 **Willful defaulter**

This type of problem is very dangerous for the society. They have a thinking that while others can be a defaulter, why shouldn’t they. They know that the money given to them by Government is to be repaid back, but they willfully ignore to repay it. When the society asked them to repay their dues they just keep an acting as a door and they say that they don’t have any money to repay.

6.7.8 **Unsystematic loaning**

The loaning system of co-operative banking and society bears many uncertainties for recovery. Because in co-operative loan we do not make any condition for repayment of the loan. This loaning help the members to be a willful defaulter. Because, they know that if they don’t repay the loan amount they will get some reasonable punishment.

6.7.9 **Misunderstanding**

Misunderstanding may be in between the member and society and Government. By misunderstanding we came to know that they are not communicating properly. This can also lead to being a defaulter make the payment while
the members don't they would proved themself to be the most foolish mem-
bers.

6.7.10 Lack of Co-operative Education and Fund

To run the co-operative society successfully we have to get proper co-opera-
tive education. By this, we came to know the proper meaning and concept of
a co-operative society And how the co-operative society works can also be
understand to achieve the common goals of the members. If they get proper co-operative education. There is a possibility of development in the society since the Government of financial institutions refuse to give any financial aid to the society. The societies are facing a problem of shortage of fund so they cannot take any steps for the welfare of the members.

6.7.11 Lack of Good and devoted leader

To be a successful co-operative society a good and devoted leader is compulsory. The leader should get proper co-operative education so that he could handled the emerging problem of society. Not only the education he also should be devoted to his duties.

6.7.12 Increasing charges of agro-machinery repairing

The charge of repairing the agro-machinery is becoming more than the actual annual income since the working period in these area in a year is very little about 3 month only. Although we know that this short working period is becoming dangerous we cannot made increase the period for these area has been a regularly flooded area. Every year flood occurred in this area twice or more.

Long term credit and Economic condition of the land Development banks must be improved so that they can advance more long period loans to the farmers. This would help the farmers not improve their land and cultivation. Administration of the co-operatives needs to be improved. But Elected officer bearers of the co-operatives should not be given proper training. Also arrangement should be made for proper accounting system of the co-operatives, the banks is not sanctioning any further loans to society so we are not able to grant any type of loans to our members.

6.8 A ROLE OF GOVERNMENT IN PRIMARY AGRICULTURE CREDIT CO-OPERATIVE SOCIETYS
I with the end to rivalries between the western capitalist system and the soviet collective one the way now seems open for unfettered private enterprise, trade organization statistics would demonstrate the economic success of such policies.

But liberalization is not is not a "free – for– all". The weakest members of primary agricultural credit co-operative society (PACCS) be it society at large or a co-operative society, have perfect right to claim some of stronger. Deregulation cannot excuse Government from their responsibility to ensure a minimum of equity. Withdrawal of support to co-operatives almost invariably a positive factor for co-operative development should be planned and announced well in advance. When it takes place suddenly in response to same foreign diktat, the economic and social consequences will usually be disastrous.

6.8.1 The other face of structural adjustment

On the face of it, agricultural occupy an important place in the new economic situation. According to international co-operative Alliance (ICA), virtually all Nanded’s dairy production is marketed by farmer owned co-operatives in Kinwat 35% of forest products are processed and marketed by co-operatives in Nanded District 25% of wine is co-operatively produced. Fourteen farmer owned co-operatives in the district are among the 500 largest co-operation and no fewer than 8 of the 10 largest firms are co-operatives. But are they still co-operatives?

In the developing countries equally impressive figures can be quoted. A major share of Nanded’s milk is marketed by the dairy co-operatives. The reality behind this rosy picture of domination of market share and rubbing shoulders with the corporate giants is less impressive. In advanced countries, co-operatives may have gained and advantage over other business, thanks to their success in obtaining fiscal privileges. Else where co-operative’s dominant position has been built up through artificial means, such as monopolies granted by Government. In some countries they have benefited from huge capital injections from foreign donors and thus now own substantial assets. But are they able to maintain and manage these assets without continued out-
side support? In Nanded District the pervasive rural co-operative system seems to be collapsing under economic liberalization. According to an unofficial estimate, 40% of agricultural supply and marketing co-operatives are virtually bankrupt. Increasing competition is a major threat to co-operatives used to thriving on Government conferred privileges.

"Unless the co-operatives can meet this competition they will end up in down-turn spirals of decreasing volumes of business deteriorating profitability of their operations, reduced capacity to pay remunerative and competitive prices and provide useful services to their members continued flight of members, still further decline in volumes of business".

Lethargic movements are ill-prepared for this and it is hard to seem where pressures to become more efficient will come from. Not from management, which has had little exposure to decision taking since they operated under official diktats; not from the Government basically unwilling to see cooperatives develop into strong independent organization which escape its control and could even pose a political threat. Not from the membership, which is often largely indifferent, especially where satisfactory alternatives are available to them.

However as primary co-operatives lose their privileges and slim down, "hard work and devotion." Will be the only way to keep afloat. And as they sum, they will become for less attractive for the sharks and hangers. On who abused of them previously. Less money means less corruption, perhaps this will allow the spirit of mutual assistance to rise again among the members.

It is appropriate here to mention the down/up structure of the co-operative movement. Starting from the members, through their primary societies, to secondary unions or federations, up to the apex organization and beyond that to various international structures including what might be called the global apex, the international co-operative alliance. Where this structure is functioning well; it constitutes a solid web of mutually reinforcing bodies, all too often. However, some intermediary structure can become in effectual but remain in place, a burden on the movement as a whole solidarity within the global movement is expressed through manifold forms of movement to movement collaboration, including co-operative to co-operative trade and also tech-
There is no intrinsic reason why a co-operative enterprise should not be efficient and business-like provided it has dynamic and imaginative management. But there seems to be a consensus that the movement must be rebuilt from the grass-roots primary agricultural credit societies that comprise its base. Primary agricultural credit societies should be small enough or members to be able to relate to them yet large enough for efficient operation. This clearly posts a dilemma; at what point do member cohesiveness and efficiency of operation diverge? Some believe even the village a typical unit for a primary agricultural credit co-operative, cannot generate enough business. Imaginative solutions must be sought to overcome this problem. Whatever their territorial base, primary agricultural societies are easier to manage and control than the unwieldy top-heavy structure built-up by Government decree or born of the need for business efficiency. Renovated primary agricultural credit societies can then recreate secondary level unions, and up, once they feel the need.

The secondary unions be they Nanded district, provincial or regional, are there to serve. Their primary agricultural credit society members in terms of bulk supply, marketing, accounting and so forth. Tertiary societies typically provide banking and marketing services to their members, usually secondary societies. Secondary and tertiary societies are important for the development of PACS and where they are working efficiently. They will continue to do so. Where they have patently failed in their mission, they should not be maintained artificially, but they should not pull their primary members with them.

6.8.2 Are co-operatives inevitable?

While large Government dominated co-operatives have been slow to adopt the new situation, many other rural institutions have shown more dynamism. The various types of voluntary rural associations formal for not, and the self-help co-operation net works they create among them selves, constitute the essential frame work of social capital in the country side that support the emergence of truly democratic and participatory institutions that are in stark
contrast to the slow-moving unresponsive organs of official political democracy. The more such organization there are the greater peoples choice, and the more chances there will be for wider democracy to work in the new decentralized setup.

Small in formal groups appear to be the most successful and resilient of rural institutions. Their major weakness lies in their isolation and frequent lack of structured horizontal or vertical links to similar groups, under the farmer co-operative regime, being a “pre – co-operative – operative” was often the only way small rural groups could gain access to certain inputs and services, and indeed obtain a degree acceptance and protection from the authorities, even though their members may have had neither the intention the desire to be eventually incorporated into the officially sanctioned co-operative system.

Convinced co-operators tend to apply a reductions theory to the rural institutions, once a few people form a self-help group they have engaged on a path which will inevitably lead them to become fall co-operative.

It is legitimate to question hypothesis. Why should efficiently functioning rural people instructions be caught up in the web of co-operative legislation, bureaucracy and formalism ? co-operatives are one form of rural institution. But they are not the only form. That other forms of rural organization have a rightful place should be recognized by government and by co-operatives.

6 8 3 Where the Government comes in

Just as Government have played a crucial role in co-operatives submission. So they hold the key to their liberation, inter alia by creating a favorable legal and policy environment in which genuine co-operatives can develop. But aside from this, Governments also play a more active role, for instance by focusing technical assistance and available financial support on strengthening local co-operative management co-operative and enabling co-operative self reliance to become a reality. This would reverse past efforts where by bureaucratization and paternalistic centralization had the effect of disempowaring co-operative society managers by leaving them precious little to manage or decide upon.
Government controls usually entail or stem from various forms of support. But it also served as an excuse for interference and this, in turn, is an excuse for the non-accountability of management and discounting of members' view. Interference deism powers the members. Co-operative legislation has reflected this approach.

As a consequence, cooperative district state, considering themselves as government employees, tend to lack respect or members whom they do not recognize as the owners of the enterprise similarly, the managers consider themselves accountable to the Government which they view as their paymasters, rather than to the membership.

As government capacity for intervention declines, legislation governing cooperatives should be redirected. Legislation has a major impact on the operation of co-operative and this can be negative or positive. In Nanded district, as in Nanded, co-operative legislation is dispersed among many text and needs codifying, else where as in Kandhar, legislation goes into much details for different types of co-operative, leaving few areas for bye-laws to handle. Again speaking, “too much stress is laid on legal formalism” according to one observer.

In Nanded, a 1996 statute had a positive effect. It stipulates that if audits are not carried out elected official are deemed to have relinquished their office. To avoid this outcome, official ensured book-keeping was more accurate and management more efficient and this in turn left less leeway for minority domination.

What is needed to promote participation and democracy and to allow cooperatives to compete with private operators is less regulatory legislation [no more fixed profit margins or obligations to be buyers of last resort], legislation which is easier for members to understand, less intrusive and which aims at facilitating co-operatives operation rather than controlling them. But most important, it should curb vested interests and defend the weaker members. Once efficient and democratically functioning structures have been established, cooperatives should be allowed to be self-regulatory, just as other private business are, with in the frame work of the law.
Co-operative legislation and practice in Nanded district, while not directly transferable, could provide useful guidance for adapting current legislation and regulations with a view to conferring greater self-regulatory powers on co-operatives at all levels. Unfortunately, reforms aimed at achieving the above objectives are not always undertaken enthusiastically. Governments jealously cling on to their power and when new laws are adopted, they are resisted in their application by those who have enjoyed sway over co-operative activities. So long as legislation remains vague and in consistent, reforms will continue to be half-hearted and therefore unconvincing for rural people. Yet there are some refreshing signs of change. Co-operative laws are being reformed and interesting new to bring about these reforms are taking place.

Governments also have a legitimate role in supporting rural co-operatives for purposes of social equity, despite the constraints of structural adjustment. It is being increasingly recognized that market forces and the private sector are inappropriate to handle services due by society to the weaker, poorer and underprivileged sectors of the population and which they are patently unable to pay for. When it comes to rural co-operatives special features which justify continued support include the often high level of poverty and illiteracy of their members and their geographical isolation from markets supplies, political decision-makers and technical innovations.

Such support could be directed to strengthening a society's members service functions. This especially important in outlying areas and can serve to attract new members or reactivate current member interest. Guarantees. For loans is another area or legitimate support, presently, many co-operative area not a good risk due to the poor district of their finances, which is at least partly due to debts accumulated as a result of Government imposed programmes. Such debts should be written off.

The positive role donors could play extends in trying influence relevant legislation and making support to rural development projects conditional upon the involvement of associations and co-operatives provided they are effectively member-controlled and financial. They could promote the transfer of function such as education and training, marketing and other activities to secondary and tertiary level structures, associations and primary agricultural credit,
co-operative society, as soon as they are objectively in a position to take that responsibility. International experts will need to be trained to recognize such organizations and to have the patience to deal with them. Unfortunately, all too often the donor's agenda is radically different from both. The Governments and more important from the rural peoples.

Ideally, in providing support to primary agricultural credit co-operative society, Government and foreign donor assistance should leave the board and management, possibly after appropriate training and under directions from the members, free to manage. The resources provided without imposing paternalistic interference.

Clearly, there will continue to be strong resistance to conceding greater freedom to rural organizations. The local elite, co-operative bureaucrats, local power networks, Governments all have their own reasons to maintain the status quo. The rural society continues to be dominated by an interventionist policy giving Government authorities a high degree of control over rural institutions. A similar primary Agricultural credit co-operative society sees Government in intervention in co-operative business being maintained through the district. The principle parameters of the index would be management efficiency, adequate financial resources raised preferably from members credit-ability in the surrounding and member participation. Perhaps such an index could provide a first step towards sorting out true co-operatives from those on probation and non co-operatives.