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# WORKING OF LAMPS

( Large Agricultural Multi - Purpose Societies )

## IN TRIBAL AREAS OF GUJARAT

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GUJARAT VIDYAPITH, AHMEDABAD-380 014

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प्रकाशक  
रामलाल डाब्राभाई परीषद्  
व्यवस्थापक ट्रस्टी,  
गुजरात विद्यापीठ,  
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CHAPTER I  
INTRODUCTION

Our ultimate aim is the realisation of democratic socialism and for achievement of this aim cooperative movement has been an important means and a direction. Cooperative common wealth in true sense could only be achieved if social construction is free from exploitation and there could be equitable and just distribution of common resources and through only this, there is the possibility of economic upliftment of the whole mass of society. Cooperative movement has greatly contributed to the efforts of economic amelioration of agriculturists, labourers, landless labourers, consumers, artisans and entrepreneurs. Cooperative sector has been proved to be the third important sector alongwith public and private sector in the economy of our nation. Because of this very reason, cooperative movement has been given prime importance in the five year plans of our country from the very beginning. In all spheres of our economic activity efforts have been made to give encouragement to the cooperative movement.

As a part of the erstwhile Bombay State, the development of cooperative movement in the Gujarat region had combined with that of the whole Bombay State. After formation of Gujarat State in 1960 organisation of State level cooperative of various types was taken up and considering the progressive measures necessary for speedy growth and development of cooperative movement in the State, Cooperative Societies Act of 1961 was enacted. Thus cooperative movement has become one of the prime objectives for bringing about democratic socialism in the State of Gujarat.

Just like in other parts of the nation, the seeds of cooperative movement in the State have been sown deep and spread over in different fields of economic activity. However the progress of the movement through out the State has not been uniform and homogenous. In comparison with non-tribal areas, in tribal areas there has been no development of cooperative movement as such, and adivasis could not avail of its benefits. In tribal areas Lakhs of rupees are chanelized through Cooperative Societies, however it has also been found that more benefits have gone to the well-to-do and big farmers and adivasis at the bottom level have not availed of the advantages offered by the cooperative societies.



## COOPERATIVE MOVEMENT IN THE STATE

For the upliftment of village economy specially for the tribal region, the development of cooperative structure plays a vital role. The right step in this direction would be to receive the primary credit societies, to bring about the multiplicity in their activities to make efforts for decrease the barden of indebtedness, to encourage the active participation on their part and to increase the facilities for easy credit and marketing. As such the base of cooperative structure in the State is quite strong but some how the tribal section has lagged behind. It can be seen from the following table-I.

TABLE I

## Development of Cooperative Structures in Tribal Areas

Sr. No.		Tribal Areas	All State
1.	No. of villages	4960	18275
2.	No. of Agricultural primary Cooperative Societies	1278	8822
3.	Member of No. of primary Agricultural credit societies	Rs. 2.54 lacs	Rs. 14.38
4.	Total share capital	Rs. 2.67 Crores	Rs. 31.35
5.	Deposits	Rs. 0.84 " "	Rs. 7.06
6.	Borrowing members	50.8%	51.9%
7.	Average loan advanced per capita	Rs. 990	Rs. 1,762
8.	Loans outstanding	Rs. 11.42 Crores	Rs. 140.81
9.	Overdues	Rs. 2.43 " "	Rs. 28.13
10.	Sale of consumer Articles	Rs. 5.00 " "	Rs. 43.13
11.	Primary marketing societies	60	288
12.	Value of Agricultural produce sold	Rs. 4.44 " "	Rs. 28.24
13.	No. of regulated markets	60	255
14.	Capacity of warehousing of State warehousing corporation	3750 tonnes	21525

Source: Tribal Area Sub-Plan (Revised) 1974-79

Education Labour Department (Tribal Welfare) 1976

Thus it is quite evident that the cooperative sector has not made much progress in tribal areas as compared to non-tribal regions. Chiefly there are primary agricultural cooperative societies in tribal areas and these cooperative provide short and

and medium term credits only. Primary Agricultural Cooperatives are weak in tribal areas. Out of such total Cooperatives in the tribal areas 33 percent are not self sufficient and viable units. Most of the Cooperatives are in liquidation. Thus the Cooperatives of tribal areas have failed in providing credit requirements to the tribal population. In order to meet with all <sup>their</sup> ~~the~~ <sup>requirements</sup> ~~credit~~ the tribals have to depend on moneylenders and who in turn do not miss to exploit their vulnerable position.

The tribal are in practice of satisfying there daily requirements from o moneylenders and traders. This stops them from going to cooperative societies for any kind of borrowing. Besides, they can not become the members of cooperative societies because of their poor economic conditions. Even cooperative societies have also failed in satisfying the credit needs of tribals. They were not able to have a proper grasp over the problems connected with Tribal Development Programmes. Hence it was recommended in

(1) "Interim Report of National Commission on Agriculture" that utmost efforts should be made to satisfy the credit as well as marketing needs of marginal and small farmers and landless labourers as well as village artisons. Thus, taking this into consideration to the govt. has declared to provide Blocks having population of 10,000 with Farmers' Service Societies (FSS). It was decided that such (FSS) would be started on experimental level in backward areas. Bawa Committee recommended in its report to organise large size Agricultural Multipurpose Cooperative Societies at primary i.e. at the village level which could also provide to the people agricultural inputs and other commodities of consumption and daily necessities. In persuance of this recommendation, LAMPS have been organised in all the tribal areas of the country. By June 1978, 52 LAMPS, 23 FSS were organised in Tribal areas. The district wise details are given in following Table.



TABLE 2

F.S.S. and LAMPS in Tribal Areas - upto 1978

Sr.No.	District	F.S.S.	LAMPS	Total
1.	Surat	2	9	11
2.	Valsad	5	3	8
3.	Bharuch	3	4	7
4.	Dang	1	-	1
5.	Vadodara	1	21	22
6.	Panchmahal	7	8	15
7.	Sabarkantha	3	6	9
8.	Banaskantha	1	1	2
	TOTAL.....	23	52	75

(2) As suggested by the Advisory Committee of Tribal Research and Training Institute run by the Gujarat Vidyapith, a study was planned to be undertaken regarding working of Cooperative movement in tribal areas. It was decided to take up a case study of a LAMP society in Nizar taluka of Surat district by this Institute.

(3) The Principal objective of the case study were as under:

- (1) To undertake systematic study of the working and the activities of a selected LAMP.
- (2) To assess the effectiveness of the cooperative activity in tribal areas and to findout the reasons for its efficiency or other wise.
- (3) To findout/<sup>the</sup> extent social and economic advantages could reach to adivasis through cooperative activity and to how many of the tribal people.
- (4) To suggest measures for bringing about more efficiency in the cooperative activity and for making it more beneficial in tribal areas, on account of observations made as a result of the study.

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(4) METHODOLOGY

Information relevent for this study was collected from the records of the selected LAMP. Over and above this, members of the cooperative society were also consulted to know from them about their economic conditions and their opinion on the working of their cooperative. A questionnaire for the purpose was prepared. Information was also collected for this study from cooperative workers of the taluka and Officers of the District Cooperative Bank through their personal contacts. The questionnaire prepared for the members is in the appendix.

(5) AREA

Nizar taluka is in the district of Surat. On the north, south and east of this taluka lies the State of Maharashtra. According to the 1971 census, the population of the taluka is 71932 of which 75.6 percent are Adivasis. Of the Adivasis, 78 percent Bhils and 19 percent Gamits. Percentage of literacy in the taluka is 22.

The area of the Nizar taluka is spread out about 8km. in north south and 29km in east west. Nizar is a flat land. The average rainfall is 30" to 40". The main crops are wheat and jowar. Rice, cotton, cereal and sugarcane are also grown here. Besides these, chillies and vegetables are also grown here. Its quite fertile land. Nizar is the main village. The Panchayat Office, Police Station, a branch of Surat Cooperative Bank, the Office of the Cooperative Society and temples of Hatkeswar Mahadeo and Ramji are located here.

Out of total population, only 30.39 percent are engaged in economic activity and their principal occupation is farming and farm labour. Out of this working population, 92.4 percent are in primary sector, 3.1 percent in secondary sector and 4.5 percent in tertiary sector. In the primary sector 44.7 percent are farmers and 47.7 percent are farm labourers.

According to 1971 Benchmark survey of Surat district 32362 hectares of land was tilled. Approximately, one hectare of land was tilled per head. 84.8 percent of total tilled land is cultivated for food grains. The utilisation for this 84.8 percent land is as follows. 4.9 percent for rice, 7.6 percent for wheat, 54.1 percent for jowar, 5.3 percent for tuvar, 2.1 percent for udad and 10.8 percent for other crops.

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As far as cash crops are concerned, 0.4 percent of land is used for cotton, 12.6 percent for ground nut, 0.1 percent for fodder and 2.1 percent for other purposes. The taluka has no irrigation facility either through canals or from ponds. Mostly irrigation is done through well water. 96.7 percent of the total irrigated land is done through well water while only 3.3 percent is done through other means. As mentioned above the main occupation of the people is farming and farm labour, their subsidiary occupation is animal husbandary. 41.2 percent of total cows and 44.5 percent of total buffalo of Nizar taluka is used for milching.

The following table shows the position of cooperative activity in the Nizar taluka at the time when study was conducted.

TABLE 3\*

## Cooperative activities in Nizar taluka

Index	Types of Societies	No.
1.	Primary Agriculture Credit Societies	20
2.	Large sized Multipurpose societies	3
3.		1
4.	Gining Press Society	1
5.	Cooperative society for Fisheries	2
6.	Consumers Cooperatives	3
7.	Societies for Poultry	2
8.	Milk Cooperative Societies and Groups	21
9.	Labour Societies	2
10.	Non Credit Societies	17
	TOTAL.....	72

\* Department of District Registrar for Cooperatives, Surat.

When this study was held, there were 12 LAMPs in the whole of the District and there were 3 LAMPs in the Nizar taluka. They were as follows.

- (1) Fulwadi Farmers Group Cooperative Society - Kukkamunda
- (2) Navabpur Farmers Group Cooperative Society - Bartha
- (3) Borda Farmers Group Cooperative Societies - Borda

Out of these three LAMPs, Borda LAMP was selected for the purpose of this study.

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TABLE 4

## Information regarding three LAMPs of Nizar taluka

Sr. No.	Details	Fulwadi LAMP	Navabpur LAMP	Borda LAMP	Total
1.	Villages covered by the LAMP	33	22	7	62
2.	No. of tribals Khatedar	700	800	300	1800
3.	Non-tribal khatedars	59	3	10	72
4.	No. of tribal khatedar Member	173	206	90	469
5.	Total members	232	209	100	541
6.	Share capital from members	11880	10260	6210	28350
7.	Govt.'s contribution toward share capital	-	50000	-	50000
8.	Total share capital	11880	60260	6210	78350
9.	1977-78 short term loan	-	80858	23980	104838
10.	1977-78 medium term loan	-	-	-	-
11.	1978-79 short term loan	116	41814	19183	61113
12.	1978-79 medium term loan	-	-	-	-
13.	Short term loan dues on 30-6-79	87940	75115	23445	186500
14.	Medium term loan dues on 30-6-79	-	-	-	-
15.	Short term over dues on 30-6-79	87940	55113	9985	153040
16.	Medium term over dues on 30-6-79	-	-	-	-
17.	Period of over dues	-	-	-	-
	1 Year	87940	25000	4615	117555
	2 Years	-	15000	5370	23370
	3 Years	-	15115	-	15115
18.	Any financial aid got from Tribal Corporation	-	-	-	-
19.	Sales of members produce	-	-	-	-
20.	Sale of Agri. goods	-	-	-	-
	Sale of seeds Quintal				
	Rupees				
	Total sale of Manure				
	Sale of Manure in Rs.	14070	22321	10028	46419
21.	Sale of Pesticide	-	-	-	-
22.	Sale of Daily goods	-	-	-	-
23.	No. of Branches	-	-	-	-
24.	How much help got from NCPC	-	-	-	-

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## CHAPTER II

FUNCTIONS and ACTIVITIES OF SOCIETY

Borda group Agricultural Multi Purpose Society Ltd was registered on 15-2-1976. Before this, Agricultural primary society was operating in villages Borda, Khorda and Kothli. Unfortunately the Agricultural Primary Credit Societies of these three villages went in for liquidation. Consequently Borda LAMPs was formed consisting of the above mentioned three villages and other four villages namely Adada, Devalpada, Newadi and Kavtha. It operates in these seven villages. The responsibility of the unpaid loans of these liquidated societies was undertaken by the District Cooperative Bank.

The society started its working with 13 members. Population of the seven villages covered by the society was approximately of 10,000 whereas land holders of those 7 villages numbered only 310 of which small and marginal farmers were 300. When the study of the society was undertaken there were 103 members in the society. Out of 103, 11 members were covered under rehabilitation (of conversation cases) programme. Of which 7 were Adivasis and 4 were Harijans<sup>1</sup>. Out

1. Here the conservation cases means that the members having 5 acre of land were allowed to conserve their debt upto 500 Rs. This debt was supposed to be repaid in 10 installments at the interest of 3% per year. The 4 Harijan members belonged to Borda while out of 7 Adivasi members, 1 belonged to Borda, 2 to Khorda, 1 to Kothli and 3 to Dhanera. Dhanera is situated in Maharashtra but the members had their land in Borda. The District Registrar had repaid the debts upto 500 Rs. on behalf of these 11 members and then they were made the members of the LAMP. Out of these 11 members 4 Harijan and 1 tribal had already settled their debts but inspite of that they were not given any loans and they were complaining about that. The landless labourers were also not given any kind of loan.

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of total number of 103 members, 51 were big farmers, 28 small farmers and marginal farmers and 24 were farm labourers. The society has covered seven villages in its area of operation however 42 out of 103 members belonged to Borda village itself. There was not a single member in the Society from two villages of its area of operation.

The total land under cultivation, in these villages is about 4000 acre and 25 gunthas. But only 10 percent i.e. 500 acre and 20 guntha is cultivable land under irrigation. Thus a very small percentage of land is available for proper production. The information regarding the caste wise and village wise membership is given in the following table.

TABLE 5

Sr. No.	Name of village	MEMBERS			Total
		Tribal	Sch.Caste	Other	
1.	Borda	35	4	3	42
2.	Khorda	16	-	2	18
3.	Kothli	19	1	-	20
4.	Adada	12	-	-	12
5.	Devalpada	11	-	-	11
6.	Nevadi	-	-	-	-
7.	Kavtha	-	-	-	-
TOTAL.....		93	5	5	103

The society was started with 13 members in initial stage. In 1976-77 the membership increased to 79 and reached 103 in 1980 June. In 1976-77 the share capital was Rs.1410/- while it increased to Rs.6670/- in 1979-80. Thus the share capital per capita was Rs.17/- in 1976-77 while it came to Rs.64 in 1979-80.

Since the beginning of its working, the society has so far given credits and advanced to the members and has undertaken the sale of sugar, rice and wheat. The loans and advances for kharif crop was done in month of July and the members were expected to repay in November. In the same way the loans and advances for rabi crop were done in month of November, which were to be repaid in the month of March.

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CREDIT OPERATIONS

The principles regarding credit operations were formulated by the District Cooperative Bank. The Borda LAMP was under the Jurisdiction of the Surat District Bank. The following guidelines were given by the Bank to the LAMP.

- (1) The members would be given loans either in form of cash or kind.
- (2) The member who would be taking crop with the help of irrigation is entitled to have a loan upto Rs.12,000 in cash and upto Rs.1500 in kind. Otherwise he can be given loan on the basis of the total cost of his crop. Whatever is minimum, would be advanced to him.
- (3) The members, who had already taken loans for crops from nationalised Banks or from other non Govt. institutions are not entitled to get the credit facility. The duplication of loans should be avoided.
- (4) If the member is a debtor in other Agricultural Credit Society, he would not be given any credit facility.

BANK LOANS

The bank insists for 60 percent repayment before sanctioning the credit card to the Cooperative Society. It insists for 60 percent in developed area and 35 percent in tribal area. The credit card is not sanctioned if 35 percent of recovery is not assured. The Cooperative Societies cannot operate well in tribal areas because in most of the cases recovery is less than 35 percent. The bank makes exceptions in certain cases e.g. when the Cooperative Societies are stagnant or when they have gone in liquidation, the members of such societies, who have so far tried to repay the loan through stock pooling and who have not misbehaved as far as repayment was concerned were give loans directly by the bank.

The Surat District Cooperative Bank had formulated different rates for loans for different crops for the year 1980-81.

TABLE 6

Rates of loans for different crops 1980-81.

Sr. No.	Name of the crop	For irrigated land		for non-irrigated land	
		Cash	Kind	Cash	Kind
1.	Rice local	150	150	150	150
2.	Rice (small producer)	300	300	-	-
3.	Rice - summer	200	400	-	-
4.	Wheat local	100	200	50	175
5.	Wheat-small producer	350	350	-	-
6.	Jowar local	75	150	50	100
7.	Jowar Hybrid	150	300	50	200
8.	Ground nut	200	250	175	200
9.	Cotton Digvijay	150	200	150	150
10.	Sugarcane new	600	1200	-	-
11.	Sugarcane Red	300	1200	-	-
12.	Vegetables	100	300	-	-
13.	Chillies - Nizer	250	500	-	-

INTEREST RATE

The bank gives short term and medium term Agricultural loans to societies at 10 percent interest rate and 8½ percent interest rate for a general farmers and small farmers respectively. When the bank directly deals with individual farmers, the interest rate for a short term loan is charged at the rate of 12 percent to general farmers and 10½ percent to small figures. For the medium term loan the rate of interest is fixed at 12 percent. 1½ percent is charged as penalty interest of the loan is not repaid in time.

LOANS TO MEMBERS

In the initial year 1976-77 the society had not given loan to any member. In the first year there were 79 members. In 1977 members had increased to 86 of which 33 members were given loans. Similarly in 1978-79, out of 99, only 28 members and in 1979-80 out of 103 only 11 members were given loans. Thus the number of members who were given loans went on decreasing.



The society has so far given only short term credit. As per records of the society, in the year 1978-79, 24 general farmers (Rs.715 per farmer) 4 small farmers (Rs.279 per farmer) and 11 farmers (Rs.469 per farmer) under conversion finance were numbered as borrowers with amounts of overdues mentioned in the brackets. In the year 1979-80 society gave loans to 9 general farmers and 2 small farmers. The society has so far not given any type of loans to landless labourers. At the end of June 1980, there were 36 general and 6 small farmers and 11 members under conversion finance with loans outstanding as over dues. In the year 1979-80 out of the total loans outstanding recovery was effected to the extent of 30 percent from general farmers, 40 percent from small farmers and 4 percent from those who were given conversion facility. At the end of 1978, out of 32 members who had overdues 27 were general farmers and 5 were small farmers, 21 out of these 27 general farmer and 4 out of these 5 small farmers were sued under the article 106. As may be seen from the figures stated above number of members win overdues goes on increasing year by year and members are unable to repay the loans to the society as well as society has also failed to recover the loans advanced. The detailed informations about the loans and advances done by Borda LAMP has been given in Table 7.

It is evident from the table that most of the tribal farmers were not able to repay the loans in due time. This is one of the reason why the society could not operate efficiently. It is also seen from the table that comparatively more loans were advanced to big farmers than small farmers. As far as general farmers were concerned the recovery amounted to Rs.655 and for small farmers the amount came to Rs.233. The information about over due loans is given in table 8. Out of 27 general farmer sho had overdues, for 6 the recovery effected from 1978, for 15 from 1979 and for 6 from 1980. In the same manner for small farmers the recovery effected for three members from 1978, for one from 1979 and for another four 1980.

The table 7 shows that 4 general farmers had more than Rs.1000/- as the overdues. Committee members of the society avail ofkexcession

TABLE 7

	No. of Members	24	4	11
	Amount	17170-53	1117-05	5158-00
		715-44	279-26	-
	Members	9	2	-
	Amount	8035-20	818-20	-
		832-80	409-10	-
Total	Members	33	6	11
	Amount	25205-73	1935-25	5158-00
		763-81	322-54	468-91
	Members	6	1	4
	Amount	7509-91	768-10	200-00
		29.79%	39.69%	3.00%
	Members	27	5	11
	Amount	17695-82	1167-15	4958-00
		70.21%	60.31%	92.12%
	Members	27	5	-
	Amount	17965-82	1167-15	-
		70.21%	60.31%	-
	No. members	21	4	-
	Amount	15238-82	1177-05	-
		725-66	279-26	-
	Members	-	1	-
	Amount	2457-00	50-10	-
		409-5	50-10	-



TABLE 8

1. Amount	No.		Percentage
General Farmers below 200	2	273-00 136.50	1.54
200 to 500	9	3254-35 361.59	1839
500 to 800	11	6961-65 632.88	39.34
800 to 1000	1	833-20 833.20	4.71
1000 to 1500	2	2376-02 1188.01	13.43
Above 1500	2	3997-60 1998.80	22.59
TOTAL.....	27	17695-82 655.40	100.00
2. Small Farmers below 200	1	50-10 50.10	4.29
200 to 500	4	1117-05 279.26	95.71
TOTAL.....	5	1167-15 233.43	100.00

BALANCE SHEET

Member share	6670-00	Closing account	303-98
Reservefund	104-00		12-68
Bank loan General	13281-84		17695-82
11 small farmers	3001-95		1167-15
Tribal Development Corp.loan	6000-00		5800-00
	5158-00		4958-00
Individual deposit	1850-00		600-00
G T R	490-00		298-13
Bank subsidy interest	12-50		363-05
			3008-62
			3009-52
	<u>36568-34</u>		
	648-61		
	<u>37216-95</u>		<u>37216-95</u>

It is clear from the balance sheet that from very beginning the society incurring losses. Off course the society made a profit of Rs.648-61 in current year; but actual business profit comes to only Rs. 91.54. The society is not able to collect the individual deposits. This is because the villages covered by this society are still have subsistence oriented economy. They have no ability to save and so no capital formation is taking place. They don't have extra money to put as deposits.

SOCIETY'S SHOP

Besides giving credit facility the society operates a shop which mainly deals with sales of manure and sales of rice, wheat and sugar. The shop had made the profit of Rs.91.54.

STATEMENT OF SALES & PURCHASE

Sales	Rs.	Purchase	Rs.
Sales of manure	4678-40	Purchase of manure	4678-40
Manure commission	45-80		
Sale of sugar	1356-93	Purchase of sugar	1405-00
Sale of wheat	461-03	Purchase of wheat	660-00
Sale of rice	830-45	Purchase of rice	835-00
Inventory stock	298-13		
	<u>7669-94</u>		<u>7669-94</u>

THE STRUCTURE OF THE SOCIETYThe Executive Committee

The executive committee consists of 11 members out of which 7 are elected by the general members of society. The other 4 consists of are representatives of district Cooperative Society, a representative from taluka panchayat, a representative of district bank and a Secretary. The seven elected members elect a Chairman and a Vice Chairman out of these 11 members.

All the 7 members of Borda LAMP were farmers and were owners of some land. Out of these seven members 3 belonged to Borda, one to Devalpada, one to Adod, one to Khorda and one to Kothli. The Chairman was capable of reading and writing. One member had studied



upto S.S.C. two had studied upto 4th std., the other two had studied upto 2nd std. and the remaining one had studied upto 3rd std. They all were connected with different political parties in one way or other. The Chairman and Vice Chairman were not paid for their services. When we visited them, we got an impression that they were not aware out with the proper working of the society nor with other matters concerning the administration..

The Secretary had passed his S.S.C. in 1976. He had a working experience of 7 months in the marketing yard. He was the Chairman's son and he earned Rs.250/- per month for his services. He seemed to have very little knowledge about cooperative administration and appeared to be very inefficient.

As the members were ignorant and illiterate, they had little control over actual operations. There was dominance of the Assistant District Registrar and of the representative of the bank. The Secretary was mostly guided by them. The members didn't attend the meetings regularly. We felt that before taking them as members they should have been given proper training. The pay of the Secretary was too meagre to sustain his interest in improvising the working of the committee.

The ignorance on the part of members as well as the absence of proper guidance reduce the efficiency of the administration sometimes it so happensthat the society cannot avail itself of the services of an efficient secretary because of its poor financial conditions. There is no job security for the secretary for the same reasons. To over come this hurdle, the Surat district Bank had constituted the Secretary cadre, wherein the secretaries were given proper guidance and proper training in efficient working of the society affairs. This can be considered as a praise worthy steps.

CHAPTER III  
MEMBERS RESPONSES

Information was collected about the working and activities of the society from amongst its 8 members, in order to gather their reactions and views. This was done through questionnaire method. Some of the other members were personally approached and interviewed. All the members belonged to Borda village.

Out of these 8 members 6 members were illiterate. These 8 persons families had 76 members in all. They had total land of 79 acre and 28 guntha. They had about 11 acres of land per family and their annual family income amounted to Rs.3569 and monthly income per head amounted Rs.32. Thus they were below the poverty line. All the 8 families were in debt and the debt per family was reported to be of Rs.960. Which the average debt to money lender was Rs.360, to relatives Rs.240, to the bank Rs.240<sup>and</sup> to the Cooperative society Rs.240. From the figures it is obvious that moneylender rules the scene.

All the members who were consulted borrowed from society in form of cash. As stated by them they were not getting timely finance.

Besides the credit facility the society also offered the facility for selling manure to the farmers. The society had the practice of not selling less than 50 kilos bag of manure. There were some new tribal members in the society and they were little reluctant to use the chemical manure. For remaining on safer side they wanted to use a small dose of chemical manure but because of the society's policy they could not get the manure according to their needs.

The members complained that they got loans from the society only after one or two showers of rains. Due to this reason they could not make proper use of the loans that they received from the society.

Since the secretary of the society was not trained, there were n instances of mismanagement as reported by them. Moreover the Chairman and the Secretary were related as father and son, there were instances of partiality in giving loans to the members.



Besides the Committee members were belonging to different political parties hence there attitudes adversely affected the working of society. In the recent past as represented by Maharashtra Govt. about abolition of agricultural debts of cooperatives on case of all farmers, adivasis of this region also believe that following the action of Maharashtra, Gujarat Government will also wipe out their debts. Due to this reason, some of the members are not repaying debts to the society.

THE LAMP AND THE DISTRICT BANK

In 1978-79, immediately after the LAMP was started the bank had the greater burden of recovery, after the LAMP's functioning the burden was lessened. From the table 9 it is obvious that as far as short term loan to general farmers was concerned at the end of 1979-80, out of Rs.32485, Rs.19203 (59.11%) were recovered and same way, in the case of short term loans to small farmers out of Rs.4510, 33.00 % was recovered. Only <sup>in</sup> conversion cases nothing was done.

TABLE 9

	Short term loans Gen.farmers	Short term loans small farmers	Conversion cases
Bank loan due 1978-79	16,290-00	2,236-87	5,158-00
Bank loan borrowed 1979-80	16,195-20	2,273-20	-
TOTAL.....	32,485-20 100-00	4,510-07 100-00	5,158-00 100-00
Loan deposited in bank 1979-80	19,203-31 59-11	1,508-12 33.44	-
Due at the end of 1979-80	13,281-89 40.89	3,001-95 66.56	5,158-00 100-00

CHAPTER IV

CONCLUSIONS AND SUGGESTIONS

From the commencement till today the society resorted only to loans in cash and sales of sugar, wheat and rice. It did not give loans to any member in 1976-77. In the first year there were 79 members. In 1977 members had increased to 85 of which 33 members were given loans. Similarly in 1978-79, out of only 97, only 28 members and 1979-80, out of 103 only 11 members the society has so far given only short term credit. As per records of the society, in the year 1978-79, 24 general farmers (Rs.715 per farmer), 4 small farmer (Rs.279 per farmer) and 11 farmers (Rs.469 per farmer) under conversion finance were numbered as borrowers with amounts of overdues mentioned in the brackets. In the year 1979-80 society gave loans to 9 general farmers and 2 small farmers. The society has so far not given any type of loans to its landless members. At the end of June 1980, there were only 32 general and 6 small farmers and 11 members under conversion finance with loans outstanding as overdues. In the year 1979-80 out of the total loans outstanding recovery was effected to the extent of 30 per cent from general farmers, 40 per cent from small farmers and 4 percent from those who were given conversion facility. As may be seen from the figures stated above number of members are unable to repay the loans to society as well as society has also failed to recover the loans advanced, the society is unable to carry on its working efficiently and effectively.

REASONS FOR INEFFICIENCY

Reasons for the inefficiency of the society in its working as gathered from the members, Cooperative workers of the taluka and Officers of the Cooperative Bank are summerised as follows.

1. The loans were not utilised by the members for the purpose for which they were given and the money was spent on consumption and for other unproduction purposes. Thus because of the misuse, recycling forces of production were not generated.
2. The members used to grow such crops for which large amounts of loan was needed. The practice provided the members with more credits, which they could not repay to the society. Consequently it is feared that the society may have to be taken into liquidation any day.



3. Committee members of the society avail of excessive amount of loans which they are unwilling to repay. Mostly such Committee members happened to be big farmers/land holders. Since the amount of loans outstanding is proportionately large in case of big holders, the position of the society also shows big amount of overdues. Due to this reason, credit statement of the society is not sanctioned by the District Cooperative Bank.

4. It happens that the cooperative society has many of its members belonging to the same family. Only one or two out of four to five members repay the loans borrowed, whereas loans outstanding is shown against two to three members.

5. Many times members incur debt in the society for settlement of their debts with the money lenders. Consequently debts of the society are not cleared up by such members.

6. Agricultural produce of members is not pooled by the society. Since the society has claims over members for loans advanced, members do not sell their produce to the society but dispose it off directly to the merchants or traders. Thus when recovery is not effected the society has to go into liquidation. Generally it happens that members sell their produce either to merchants or traders in the market yard.

7. Many times the recovery of loans is effected in the account books by the society only as book entries, i.e. these are doubtful adjustments. This practice is resorted to for which the Secretary of the society gets certain amount of money from the concerned members. In order to prevent such malpractice there is margin of 21 days between the period of recovery and disbursement of fresh loans. It is necessary to increase this margin to some more days.

8. Many are the instances where members own their piece of lands only nominally. However they are not cultivators of their land and their land is given to others on Bhada Pata. Even the such members incur debts from the society and the amount borrowed from cooperative society is spent for the purpose other than agricultural production. Consequently the debts remain unpaid and because the member concerned has not cultivated his land, he could not earn income out of it.

9. In certain cases, there are instances of bogus finance by the society i.e. benami loans or big farmers and office bearers of the society get loans from the society in the name of some other members or fictitious members. In this case or in the event of such this-appropriation, society has to be wound up.

10. There are instances of members' agriculture produce being sold to the society. But due to ignorance or illiteracy of a member, the secretary does not issue receipt for the produce handed over to the society, resulting into total refusal by the secretary of such a deal. Consequently members involved in such a case loses trust in the society.

11. Inordinate and irregular rainfall brings in failure of agricultural crop. And in that case members are unable to repay loans to the society. Some of the members of the society under this case study have also shown this reason. With the increase of price in fertilizer, seeds and pesticides/insecticides etc the cost of cultivation has also gone up and margin of income from agriculture has decreased considerably, resulting into less recovery of loans of the society.

Many of the reasons stated above were also visible in the society under the study since there is no pooling of agricultural produce of members in Borda group society, recovery from the members has not been effected.

#### SUGGESTIONS

For the reasons stated above, the society is not working efficiently. Following remedial measures are suggested in the matter.

1. Interest on loans outstanding in case of defaulters should not be waived.

2. For the principal amount of loans, instalments for recovery should be spread over to ten years. (Like in the rehabilitation programme).

3. The borrowers with over dues may be given fresh finance and their credit limits should be fixed up on the basis of their repaying capacity.



4. Such borrowing members (Farmers) should be given loans for such crops which do not require fertiliser, pesticides insecticides etc or may require less, in order to minimise the cost of production and recovery could be effected fairly well in the initial years.

5. A trained Secretary should <sup>be</sup> appointed in the society and should be paid a minimum of Rs.400/- as monthly salary. The government should provide managerial subsidy for meeting the salary of the secretary.

6. The society should concentrate on pooling of agricultural produce of its members. The society would not be able to work efficiently unless it handles pooling of members produce. This is quite essential for effecting recovery of loans. This will assure reasonable prices to the members for their produce.

7. The society should undertake sale of ration commodities and other things of daily necessity to its members.

8. In view of low returns from cultivation and vuluerable economic conditions of its members, the present interest rates seem quite high. The government therefore should give interest subsidy to borrowing members on such loans.

9. It is necessary for the government to organise suitable training and orientation programmes for the secretary and president of the society.

10. Besides production credit, the LAMP should give consumption credit to its members so as to relieve their dependence on private money lenders. The government should also contribute towards bad and doubtful debt fund of the society.

11. Generally the District Cooperative Bank insists upon recovery of loans to the extent of 60 percent in developed areas and 35 percent in tribal backward areas. If recovery of loans advanced is less than 35 percent, the credit statement of such society is not sanctioned by the Bank. Some of the members do repay the loans taken, while in some other cases, loans remain outstanding for this reason, the whole of credit statement is not sanctioned by the Bank.

Consequently regular members do not retain interest in the working of the society. That is why it is essential to give fresh loans to such members who have already repaid previous loans, on the basis of their individual credit worthiness.

If actions as suggested above may be taken, it is felt and believed that there is a scope of the improvement in the working of this cooperative society.

The experiment of the Borda LAMP is slowly but surely taking firm roots in the soil and has been creating confidence among the people in the movement which is meant for their upliftment.



