

CHAPTER - VICo-operation and the Community

The detailed account of the agrarian conditions have laid the broad contours for the cooperative structure in the Surat district. But all of it was in the nature of a background against which we consider our seminal theme: the impact of the crop loan system at the farm level. After all, our central concern is the farmer, and unless the whole credit structure percolates to his immediate individual level, no amount of ambitious theorising or governmental fiat can hope to achieve the transformation of his occupation and his economic level. The chapter seeks to assess the impact of the cooperatives on their members. Here also the data collected was furnished by a specific family investigation schedule specially cast for the purpose.

Expanse:

The ten villages under study provided the universe for selecting the members of cooperatives for intensive study. To arrive at this, a census of all the families was undertaken in these villages. The members of cooperatives were then sorted out, by arranging them in an ascending order of size groups of operational land holdings. The list was then stratified into five groups with a higher weightage attached to the last two groups. The number of cultivators in each group was drawn

with the help of random numbers. In all 250 member-cultivators were available for detailed study, analysis and interpretation. The table below gives the distribution of farm families by their operational holdings.

Table - 1 Cooperative Membership and operational holdings, 1966

Size group (in acres)	Number of members	Percentage to the total
0 - 5	78	31.2
5 - 10	58	23.2
10 - 25	67	26.8
25 - 50	35	14.0
Above 50	12	4.8
Total	250	100.0

Small-sized farmers, having holdings upto 10 acres, stand out prominently. Of the total number of members, 55 per cent operated on holdings below 10 acres; 27 per cent worked on holdings with sizes between 10-25 acres, while members operating on holdings above 25 acres constituted only 19 per cent. It would thus be seen that the selected families represent a cross-section bringing within the compass all types of members working under varying conditions of farm economies.

Caste composition:

The caste composition of the selected families is attempted in the table below.:-

Table - 2 Caste and membership, 1966

Caste	Number of members	Percentage to the total
Patidars	116	46.4
Tribals	98	39.2
Kolis	26	10.4
Brahmin	2	0.8
Baniya	1	0.4
Others	7	2.8
Total	250	100.0

46 per cent of members were Patidars; the next single large group of tribal people constituted some 39 per cent of membership. They are followed by Kolis representing 10 per cent. The number of Brahmins and Baniyas is not very significant. The last group of 'others' comprised of Harijans, Rajputs and Muslims representing 3 per cent. It must be added that the caste composition of the selected families also

reflects a fairly representative picture of the castes and communities of the region.

Subsidiary occupations:

The purpose of table 3 given below is to provide the distribution of families according to their subsidiary occupations.

Table - 3 Proportion of families reporting subsidiary occupations

Subsidiary occupation	Number of members	Percentage to the total
Service	33	13.2
Labour	42	16.8
Diamond-cutting	10	4.0
Trade	1	0.4
Others	9	3.6
Subsidiary occupation: Total -	95	38.0
No subsidiary occupation	155	62.0
Total	250	100.0

38 per cent of the families reported having subsidiary occupations. The remaining 62 per cent seems to have no subsidiary occupations. Among the former, most of them (17 percent) worked as casual labourers whereas 13 per cent had regular jobs. This signifies an overwhelming reliance on agriculture for living and as an occupation.

Literacy:

The extent of literacy among members can be seen from table 4.

Table - 4 Literacy of the selected families, 1966

Education	Number of members	Percentage to the total
Illiterate	73	29.2
Primary	142	56.8
Secondary	26	10.4
Graduation	8	3.2
Post-graduate	1	0.4
Total	250	100.0

As against the literacy percentage of 35 for the selected villages and the district, the extent of literacy here shown

as 71 per cent is very high. This by itself would place the families in a more favourable position than general literacy elsewhere in the country. It has all the added significance in this context because the active participation of the members in the management of cooperatives is known to be closely related to their levels of education and literacy. About 57 per cent had studied upto the primary standard, while 10 per cent completed high school education. Further, the literates included quite a few university graduates. One person even possessed a post-graduate degree. Such a high level of educational base, provides an enlightened and receptive membership and a stabilising factor in the growth and success of cooperatives.

Membership:

The distribution of cooperative membership according to the types of cooperatives is shown in table 5.

Table - 5 Membership by types of cooperatives, 1966

Village	Membership			Total
	Primary credit societ- ies	Marketing cooperat- ives	Both credit and marketing societies	
Puna	-	-	25 (100)	25 (100)
Sevani	3 (12%)	12 (48%)	10 (40%)	25 (100)
Vanesa	-	-	25 (100)	25 (100)
Gangadhara	-	25 (100)	-	25 (100)
Masama	-	-	25 (100)	25 (100)
Sonsak	-	8 (32)	17 (68)	25 (100)
Kos	24 (96)	-	1 (4)	25 (100)
Borakhadi	2 (8)	-	23 (92)	25 (100)
Ghantoli	25 (100)	-	-	25 (100)
Ghodchit	22 (88)	-	3 (12)	25 (100)
Total	76 (30)	45 (18)	129 (52)	250 (100)

Note : Figures in the bracket are percentages to the total in the row.

= Interestingly enough, only 30 per cent of the membership belonged to a single credit society; 18 per cent were members of only the marketing societies, whereas 52 per cent of them were members of both the types of societies. In Ghantoli, Kos and Ghodchit which have predominantly tribal agriculture and people, a majority of membership is in primary credit societies. As against such a situation, there are villages like Gangadhara which show exclusive membership of marketing cooperatives. More than half of the selected members show double membership in both credit and marketing societies. Such a dual membership helps them to draw from the pool of facilities provided by marketing cooperatives. This points to a broad-based diversified cooperative membership pattern in the region. That the pattern has stood the test of loyalty and efficacy is proved by all-round success of cooperatives in these villages.

Holding and membership:

There are small as well as big farmers in the families covered in our study. There are considerable differences of castes, levels of education and the nature of subsidiary occupations among them. A farmer's membership of a cooperative society is determined by all these factors and the degree to which he avails of the facilities offered, depends on the local conditions and his needs. Table 6 provides information regarding membership by different types and size of land holdings.

Table - 6 Membership by type of society & land holding, 1966

Size groups of land holding (in acres)	Type of society			Total
	Primary credit society	Marketing society	Both credit & marketing society	
0 - 5	30 (38.5)	13 (16.7)	35 (44.8)	78 (100.0)
5 - 10	21 (36.2)	14 (24.1)	23 (39.7)	58 (100.0)
10 - 25	18 (26.9)	14 (20.9)	35 (52.2)	67 (100.0)
25 - 50	5 (14.3)	3 (8.6)	27 (77.1)	35 (100.0)
Above 50	2 (16.7)	1 (8.3)	9 (75.0)	12 (100.0)
Total	76 (30.4)	45 (18.0)	129 (51.6)	250 (100.0)

Note : Figures in the brackets are percentages to the total in the row.

Out of the total of 250 members, about 52 per cent were members of both the types of cooperatives; 30 per cent registered their membership in primary credit societies, whereas 18 per cent patronised only the marketing institutions. A relative examination of cooperative membership in different types of societies with the size of holdings revealed that 38 per cent of small land holders having holdings upto 10 acres were members of primary credit societies. Among medium farmers

the proportion of members in primary societies is still less (27 per cent) whereas big farmers share the membership in these institutions to the extent of 15 per cent. This indicates the fall of membership in primary credit societies with the increase in the size-group of holding. The proportion of membership in marketing societies for both the small and middle farmers, is constant (20 per cent) while in the case of big farmers it again falls to 9 per cent. It is significant to note that dual membership of both credit and marketing societies shows a rise with the size of holding. The small farmers enrol to the extent of 42 per cent; the medium farmers constitute 52 per cent, while in the case of big farmers this proportion forms 76 per cent. It thus brings out that big farmers enjoy facilities to a greater extent from both the types of societies. Significantly enough, small landholders patronising the primaries form 38 per cent, while those dealing with the marketing societies work out at 20 per cent, whereas 42 per cent of them enjoy common benefits from both. A similar analysis for the medium sized farmers, shows 27 per cent dealing with the primaries, 21 per cent with marketing, while 52 per cent share the benefits of both. As against this, the facilities enjoyed by the big farmers, show a proportion of 15 per cent enrolled in primary cooperatives and 9 per cent in marketing societies. As against this, the membership for both the types was to the extent of 76 per cent.

These data clearly show a greater interest in multi-membership among all the size-groups. All the categories of cultivators patronise both the credit and marketing cooperatives. But a noteworthy feature that stands out is that the proportion of multiple membership is higher as the size of land-holding increases. Such a situation can be explained in the case of the sugar producers' cooperative on the ground of greater facility provided for sugarcane cultivation on the basis of share holding, while in the case of other societies multiple membership would provide the additional facilities such as processing of the produce and greater voice in the management. Multiple membership further has been an evolutionary process brought into existence by economic exigencies, such as the nature of crops, canal irrigation and above all, the ability and enterprising spirit of the leaders.

Members and subsidiary occupations:

We have seen that many farmers join one or the other cooperative society for variety of reasons. But the credit requirements of the members would be reduced if they had an additional source of income. In this context, the role of subsidiary occupations is significant. It would therefore be worthwhile to examine the part played by such side occupations and relate them to their membership of different types of cooperatives. This is shown in table 7.

Table - 7

Membership by types of societies
and subsidiary occupations, 1966

Subsidiary occupation	Primary credit	Type of society		Total
		Marketing and processing	Both credit & marketing and processing	
Service	8 (24.2)	9 (27.3)	16 (48.5)	33 (100.0)
Trade	1 (100.0)	-	-	1 (100.0)
Labourer	24 (57.1)	11 (26.2)	7 (16.7)	42 (100.0)
Diamond-cutting	-	2 (20.0)	8 (80.0)	10 (100.0)
Others	1 (11.2)	4 (44.4)	4 (44.4)	9 (100.0)
No subsidiary occupation	42 (27.1)	19 (12.3)	94 (60.6)	155 (100.0)
Total	76 (30.4)	45 (18.0)	129 (51.6)	250 (100.0)

Note : Figures in the bracket are percentages to the total in the row.

62 per cent of the members reported having no subsidiary occupation while 38 per cent had one or the other subsidiary occupation to fall back upon. From among those who had no such additional source of income, 61 per cent drew on the facilities of both the types of societies. Agricultural

labour was the predominant source of income, for 17 per cent of the total number of members followed by service with 13 per cent. A majority of members pursuing labour as a subsidiary occupation were members of the primary credit societies (57 per cent). This is natural in view of their peculiar farm economy and their economic conditions. It is also likely that this would cover most of the tribals. The petty trader preferred to patronise the credit cooperatives. Among those who had jobs 49 per cent patronised both the institutions.

Caste and Membership:

Castes and cooperative membership would also make an interesting study. It will show the nature of participation and also whether the traditional fibrous social structure does or does not permit permeation of cooperative service at all levels.

Table 8 presents data showing the relationship of castes with membership in different societies.

Table - 8

Membership by types of cooperatives
and castes, 1966

Caste	Type of societies			Total
	Primary credit	Marketing and processing	Primary credit and marketing & processing	
Brahmin	1 (50.0)	-	1 (50.0)	2 (100.0)
Baniya	1 (100.0)	-	-	1 (100.0)
Patidar	-	21 (18.1)	95 (81.9)	116 (100.0)
Kolis	-	4 (15.4)	22 (84.6)	26 (100.0)
Tribals	72 (73.5)	15 (15.3)	11 (11.2)	98 (100.0)
Others	2 (28.6)	5 (71.4)	-	7 (100.0)
Total	76 (30.4)	45 (18.0)	129 (51.6)	250 (100.0)

Note : Figures in the bracket are percentages to the total in the row.

The tribals patronise to a greater extent the primary credit societies (74 per cent). Only 15 per cent avail of the facilities through the membership of marketing cooperatives while 11 per cent of them share the membership of both the types. The Baniyas and Brahmins patronise only the credit

cooperatives. The combined membership stands out significantly. Among Patidars it is 82 per cent and among Kolis 85 per cent. This is because both these castes are more enterprising and are relatively more progressive cultivators, who by their very nature of the farm economy have to share membership facilities of such varied type.

Membership and education:

The working of a cooperative institution is inevitably influenced by the level of education of its member. The higher the level of education, the superior the performance and the more active the participation. It would therefore be useful to relate the membership in different cooperatives to the levels of education of the members. This data is presented in table 9.

Table - 9 Membership by types of society and education, 1966

Education	Types of society			Total
	Primary credit	Marketing society	Primary credit and marketing society	
Illiterate	49 (67.1)	9 (12.3)	15 (20.6)	73 (100.0)
Primary	27 (19.0)	24 (16.9)	91 (64.1)	142 (100.0)
Secondary	-	8 (30.8)	18 (69.2)	26 (100.0)
Graduate	-	3 (37.5)	5 (62.5)	8 (100.0)
Post-graduate	-	1 (100.0)	-	1 (100.0)
Total	76 (30.4)	45 (18.0)	129 (51.6)	250 (100.0)

Note : Figures in the brackets are percentages to the total in the row.

About 29 per cent of the members were illiterate and 71 per cent had received some education. Among the uneducated, 67 per cent were members of the primary credit society. This is probably because a large section of them constituting tribals pursue subsistence agriculture leaving little surplus to sell to sustain membership of the marketing cooperatives.

Only 12 per cent in this category joined marketing cooperatives and 21 per cent enrolled in both the types. Among 57 per cent of members who studied upto the primary level, a combined membership of credit and marketing prevailed with 64 per cent; 19 per cent of them belonged exclusively to the credit cooperatives while 17 per cent were associated with marketing societies. Amongst persons who received secondary education the proportion of membership in both the categories was higher at 69 per cent. Among graduates and post-graduates both the types of membership with credit and marketing institutions were preferred. One can infer that highly educated persons patronise marketing cooperatives to a greater extent. But it is difficult to draw a more meaningful conclusion than this. The level of education alone is not strictly related to the membership in one or the other type. It is the nature of agriculture and probably the enterprising outlook which would help them derive benefits from the organisation and its layout.

Family members and cooperative membership:

Another prominent feature of the region is the extent of cooperative membership spread over to more than one person in the same family. In addition to the head of the household, some others in the same family also registered themselves as members of cooperatives. Such a situation was examined in the villages and the selected families. More than one person, over

and above the head of the household, patronised cooperatives. This is brought out in table 10.

Table - 10 Extent of family membership in cooperatives, 1966

Number of members in cooperative societies	Number of members	Percentage to the total
One	185	74
Two	30	12
Three	24	9
Four	7	3
Five	3	1
Six	1	1
Total	250	100

As many as 74 per cent of them were represented by only one person from the family, while 26 per cent had enrolment of two and more than two members from a family. This is not substantial. There is no concentration of membership amongst a set of families. The data brings out an evenly spread out cooperative membership.

Membership and types of cooperatives:

We have seen earlier that a farmer joins different cooperative institutions with a view to securing the maximum

benefits from them. It also sometimes happens that certain types of cooperative institutions attract a number of persons from the same family to avail of the advantages to the maximum. Table 11 below provides data in respect of the extent of membership by the same family in the different types of cooperatives.

Table - 11 Membership by types and family members, 1966

Number of members in the family	Type of society			Total
	Primary credit	Marketing & processing	Primary credit and marketing & processing	
One	74 (40.0)	31 (16.8)	80 (43.2)	185 (100.0)
Two	2 (6.7)	6 (20.0)	22 (73.3)	30 (100.0)
Three	-	6 (25.0)	18 (75.0)	24 (100.0)
Four	-	-	7 (100.0)	7 (100.0)
Five	-	2 (66.7)	1 (33.3)	3 (100.0)
Six	-	-	1 (100.0)	1 (100.0)
Total	76 (30.4)	45 (18.0)	129 (51.6)	250 (100.0)

Note : Figures in the bracket are percentages to the total in the row.

185 or 74 per cent have only one member from the family enrolled in the cooperative, while 65, constituting 26 per cent of them have more than one member. Out of the single member families, 40 per cent are exclusively with the credit cooperatives, 17 per cent joined the marketing societies, while 43 per cent patronised both. Further, 12 per cent of the families were represented by two persons, 10 per cent by three and 4 per cent by four and more on the cooperatives. The proportion of more members in the same family in cooperatives is not high and yet it is significant. Larger membership and higher share holding apart from giving more voice in the management would provide the requisite benefits to a greater extent to the respective families. This is more significant particularly in the sugar producers' cooperative, where membership is restricted and the area under sugarcane cultivation has direct relation to the proportion of share holding. In others, apart from higher financial assistance available to the family due to more than one ^{member} from it, ~~member~~, it would ensure supplies of agricultural inputs in short supply. But above all, the families having more than one member showed greater interest in both the credit and marketing societies. Such a preference of the members would lead us to infer that it is not always necessary for a primary to dwindle into insignificance in order that the marketing society might prosper. There is scope for the working of both.

Holding and family membership:

We have examined the phenomenon of more than one person in the family joining cooperatives. We have scrutinised their relationship with the type of a cooperative society. It would be useful to relate this phenomenon to the land holdings of the members and the extent of participation by the members in cooperatives. This is attempted in table 12.

Table - 12 Cooperative membership by size of holdings

Size group in acres	Number of members						Total
	One	Two	Three	Four	Five	Six	
0 - 5	69 (88.5)	6 (7.7)	2 (2.6)	-	1 (1.2)	-	78 (100.0)
5 - 10	45 (77.6)	6 (10.3)	4 (6.9)	1 (1.7)	2 (3.5)	-	58 (100.0)
10 - 25	51 (76.1)	6 (9.0)	6 (9.0)	4 (5.9)	-	-	67 (100.0)
25 - 50	14 (40.0)	12 (34.2)	7 (20.0)	1 (2.9)	-	1 (2.9)	35 (100.0)
Above 50	6 (50.0)	-	5 (41.7)	1 (8.3)	-	-	12 (100.0)
Total	185 (74.0)	30 (12.0)	24 (9.6)	7 (2.8)	3 (1.2)	1 (0.4)	250 (100.0)

Note : Figures in the brackets are percentage to the total in the row.

A majority of small (1-10 acres) and medium-sized farmers (10-25 acres) carry only one member each in the co-operatives. The proportion for the small and the medium-sized farmers works out at 84 and 76 per cent respectively. Even 43 per cent of the large-sized farmers had one member from each of the family on the cooperatives. Those families having two members were 9 per cent each among the small and medium cultivators, while large farmers in the same group formed 26 percent. Families having more than two members in the three groups were 7 per cent, 15 per cent and 31 per cent respectively. As the size group increases the proportion of single membership decreases which was 84 per cent for small, 76 per cent in case of medium and 43 of large holding respectively. It is also significant that families having two members formed 9 per cent in both small and medium; while this proportion rose to 26 in the case of large-sized farm family. Membership of more than two per family also rose with the size of land holding. It was 7 per cent in case of small-sized cultivators; ~~is~~ 15 per cent for medium-sized and covered 31 per cent of big farmers. We might thus conclude that land holdings and single or more cooperative membership per family are closely related.

Social basis and family membership:

We have seen earlier that from the same family more than one person joins a cooperative institution. Such a situation with reference to the land holdings has been studied. It

would again be interesting to relate the extent of family cooperative membership to castes to find out whether there is a social dimension to it. Table 13 attempts to frame the information for such an analysis.

Table - 13 Cooperative membership by castes, 1966

Caste	Number of members					
	One	Two	Three	Four	Five	Six
						Total
Brahmin	1 (50.0)	1 (50.0)	-	-	-	2 (100.0)
Baniya	1 (100.0)	-	-	-	-	1 (100.0)
Patidars	65 (56.0)	25 (21.6)	18 (15.5)	5 (4.30)	2 (1.7)	1 (0.9)
Kolis	18 (69.2)	2 (7.7)	4 (15.4)	2 (7.7)	-	26 (100.0)
Tribals	95 (96.2)	2 (2.1)	1 (1.0)	-	-	98 (100.0)
Others	5 (71.4)	-	1 (14.3)	-	1 (14.3)	7 (100.0)
Total	185 (74.0)	30 (12.0)	24 (9.6)	7 (2.8)	3 (1.2)	1 (0.4)
						250 (100.0)

Note : Figures in the brackets are percentage to the total in the row.

It is evident that Patidars as a single predominant caste have more persons of the same family in more than one society. While 56 per cent of them had only one member representing them, there were 44 per cent of the families who had more than two persons enrolled in the cooperatives. Amongst them, eight families or 8 per cent of the total had extended patronage to four institutions. This could probably be due to their enterprising spirit, inventiveness, resources and resourcefulness. It is further significant to note that next to Patidars, Kolis stand out prominently as the second important community carrying a cooperative membership where 31 per cent had more than two members in the cooperatives. It is true that overall single membership among them predominates at 69 per cent of families having only one member in one or the other types of cooperatives.

Borrowings:

Farmers join cooperatives with a motive. Not all the members ordinarily borrow. There are non-borrowers too. It is quite possible that they have joined the cooperatives to avail of some of the benefits provided by them. Amongst them could be mentioned that of marketing and processing of the produce, and also of easy access to the supplies of inputs like seeds, fertilizers, insecticides and pesticides, etc. The table below, presents the data of borrowing and non-borrowing members by types of societies.

Table - 14

Borrowing and non-borrowing members by types of societies, 1966

Village	Borrowing members			Non-borrowing			Total
	Primary credit society	Cooperative marketing	Both credit & marketing	Primary credit society	Cooperative marketing	Both credit & marketing	
Puna	-	9 (36.0)	-	9 (36.0)	-	16 (64.0)	25 (100.0)
Sevani	13 (52.0)	3 (12.0)	1 (4.0)	17 (68.0)	8 (32.0)	-	25 (100.0)
Vanesa	-	22 (88.0)	-	22 (88.0)	-	3 (12.0)	25 (100.0)
Gangadhara	-	18 (72.0)	-	18 (72.0)	7 (28.0)	-	25 (100.0)
Masama	-	-	20 (80.0)	20 (80.0)	-	5 (20.0)	25 (100.0)
Sonsak	4 (16.0)	3 (12.0)	5 (20.0)	12 (48.0)	8 (32.0)	-	25 (100.0)
Kos	25 (100.0)	-	-	25 (100.0)	-	-	25 (100.0)
Borakhadi	21 (84.0)	-	-	21 (84.0)	-	4 (16.0)	25 (100.0)
Ghantoli	13 (52.0)	-	-	13 (52.0)	12 (48.0)	-	25 (100.0)
Ghodchit	18 (72.0)	-	-	18 (72.0)	4 (16.0)	3 (12.0)	25 (100.0)
Total	94 (37.6)	55 (22.0)	26 (10.4)	175 (70.0)	23 (9.2)	31 (12.4)	250 (100.0)

Note : Figures in the bracket are percentages to the total in the row.

An analysis of the borrowing members reveals that the borrowers, from both the credit and marketing institutions, formed 70 per cent of the total, the remaining obviously were non-borrowers. This proportion of borrowing members is quite high when compared with 42 per cent for India and 60 per cent for Gujarat in the same period. 38 per cent of the members and 54 per cent of the borrowing members borrow only from the primary credit institutions; while 22 per cent of the total members borrow only from the marketing institutions. The remaining 15 per cent of them draw facilities on the basis of their dual membership of both credit and marketing cooperatives. A further analysis of the information at the village level shows that in Kos and Borakhadi the entire membership and in case of Ghodchit, Ghantoli and Sevani over half of them draw funds from the primary credit institutions. As against this, marketing cooperatives have been preferred in Vanesa, Gangadhara and Puna. Borrowings through dual membership have been substantial in Masama and Sonsak. The proportion of non-borrowing members for all the ten villages taken together works out at 30. Amongst villages the proportion of non-borrowers is quite high in Puna (64 per cent; Sonsak, 52 per cent and Ghantoli: 48 per cent). It is interesting to find out an explanation for this phenomenon of non-borrowers. One reason could be that some of them self-financed their needs, their incomes might be supplemented by remittances from outside or had supplementary

source of income through subsidiary occupations. Another explanation that strikes as important, particularly in Puna and Sonsak, is that crops like vegetables, plantains and fruits together with sale of liquid milk, which through settlement of periodic accounts, make available a constant flow of funds from their sale proceeds to members. Such a flow of income minimises the dependence on cooperative finance. One more reason for non-borrowing that reported by a few to be the high rate of interest. But the last explanation is hardly plausible as it knocks out the reason behind cooperative membership itself.

Yet another reason put forward during investigation in some villages like Gkantoli, Borakhadi and Ghodchit was the high proportion of overdues arising from failure to repay the advances with the accumulated interest which restricted members from further borrowing. This poses a serious problem because it constitutes a serious handicap not only in expansion of agricultural credit but in agricultural development. It is common knowledge that in areas of predominantly subsistence agriculture, it is easy to provide funds but extremely difficult to recover them. It has to be understood that in any scheme of agricultural finance, no credit institution can perform its functions perpetually with weak recovery performance. It is not unlikely that the flow of funds to such institutions for farm finance having enormous outstandings would over a period of time dwindle into insignificance. Such

outstandings have also no relevance for increasing agricultural production. Since our purpose is to increase output and augment incomes, the credit made available has got to be dynamic in character. It is, therefore, quite natural that no cooperative institution can afford to grant loans to defaulters on a perpetual basis. Even the recovery record of credit institutions does not reveal the financial soundness in view of the limitations of balance-sheet analysis. Cases are not unknown of many institutions resorting to a practice of window-dressing of outstandings, which are really hidden through book adjustments or renewals or conversion of loans. The wiser course for a keen leadership is to probe deep and isolate the sick from sound loans. But in the ultimate analysis the higher repaying capacity through increased production is the sole answer to such a serious situation.

Holdings and borrowings :

We should ascertain the relationship between borrowings and size of land holdings. We should also ascertain whether multiple membership leads to excessive borrowing. The table that follows provides data on these aspects.

Table - 15 Borrowings from cooperatives and size of land holding, 1966

Size of land holding (in acres)	Number of society				Total	
	One	Two	Three	Four	Borrowers	Non-borrowers
0 - 5	50 (64.1)	2 (2.6)	1 (1.3)	-	53 (67.9)	25 (32.1)
5 - 10	30 (51.8)	5 (8.6)	4 (6.9)	1 (1.7)	40 (69.0)	18 (31.0)
10 - 25	33 (49.2)	9 (13.4)	3 (4.5)	3 (4.5)	48 (71.6)	19 (28.4)
25 - 50	9 (25.7)	9 (25.7)	5 (14.3)	2 (5.7)	25 (71.4)	10 (28.6)
50 and above	3 (25.0)	-	5 (41.7)	1 (8.3)	9 (75.0)	3 (25.0)
Total	125 (50.0)	25 (10.0)	18 (7.2)	7 (2.8)	175 (70.0)	75 (30.0)

Note : Figures in the brackets are percentage to the total in the row.

About 53 per cent of the borrowers own less than 10 acres; the middle borrower having 10-25 acres of land formed 28 per cent, whereas the large-sized cultivators of 25 acres and over were 19 per cent to borrow. In the size-group of 1-10 acres borrowings from one society comprised 59 per cent of the total members. As the size-group increases the number of borrowers from a single society decreases but the number of borrowers from more than one society mounts. Thus, big farmers draw funds from more than one society. Borrowings from two societies in the size-group 1-10 acres was 5 per cent of the total members; by those having 10-25 acres 13 per cent and for the largest group of 25 acres and more it was about 25 per cent. Borrowing from three societies similarly was by 7 per cent in the first category, by 5 per cent in the second and the third and nearly 21 per cent in the biggest size-group. The respective proportions of borrowings from four societies were 2 per cent, 5 per cent and 6 per cent. It is significant that two-thirds of the ~~big~~ landholders (50 acres and above) drew funds from three to four societies to cover their credit requirements.

Among the members there are non-borrowers as well. Of these, 58 per cent operated on less than 10 acres; 25 per cent of ^{them} had holdings between 10-25 acres and landholders about 25 acres formed 17 per cent. A higher proportion of non-borrowers among small sized cultivators could be on account of their

limited capacity to use credit effectively or may be due to non-repayment of previous loans. Other reasons for non-borrowing by small farmers might be the nature of their crops as a consequence of which there might be an even flow of income throughout the year, giving them a broad financial base obviating the necessity of outside borrowing. And yet their continued association as members could be to draw on other facilities of easy supply of inputs, processing and sale of produce, which would otherwise be a difficult proposition to harness individually.

Education and borrowing:

Education gives members a conscious process within to understand and relate the volume of borrowings to needs and the capacity to repay. The table below tries to furnish information about the quantum of borrowing, from one or more societies and the educational background of borrowers.

Table - 16

Borrowings from cooperatives and education

Education	Number of society				Total	
	One	Two	Three	Four	Borrowers	Non-Borrowers
Illiterate	53 (72.5)	-	1 (1.4)	1 (1.4)	55 (75.3)	18 (24.7)
Primary	66 (46.5)	16 (11.3)	12 (8.4)	4 (2.8)	98 (69.0)	44 (31.0)
Secondary	5 (19.2)	6 (23.1)	5 (19.2)	1 (3.9)	17 (65.4)	9 (34.6)
Graduate	1 (12.5)	3 (37.5)	-	1 (12.5)	5 (62.5)	3 (37.5)
Post-graduate	-	-	-	-	-	1 (100.0)
Total	125 (50.0)	25 (10.0)	18 (7.2)	7 (2.8)	175 (70.0)	75 (30.0)

Note : Figures in the brackets are percentage to the total in the row.

Of the total number of ~~the~~ borrowers, 72 per cent borrowed from one society; 14 per cent from two; 10 per cent from three societies and 4 per cent from four societies. 75 per cent of the illiterate members borrowed and the remaining 25 per cent did not. 73 per cent among them restricted their borrowing to one society; thus only 2 per cent borrowed from more than two societies. A substantial section (47 per cent) of those who had primary education borrowed from one institution. 46 per cent of members having secondary education and 40 per cent of graduate members draw funds from more than one institution. Borrowings from more than one society were much higher in the case of those who received higher education. Only the post-graduate member did not borrow at all. And yet it is difficult to pass any precise judgement on a clear-cut relationship between the levels of education and borrowings.

Caste and borrowing:

The same data was further dissected to know how far caste of the members was having an influence on the nature of borrowings. Table 17 below attempts to set out the above information.

Table - 17

Borrowings from cooperatives by castes

Caste	Number of society			Total	
	One	Two	Three	Four	Borrowers Non-Borrowers
Brahmin	1 (50.0)	1 (50.0)	-	-	2 (100.0)
Baniya	1 (100.0)	-	-	-	1 (100.0)
Patidar	29 (25.0)	21 (18.1)	12 (10.3)	6 (5.2)	68 (58.6)
Kolis	10 (38.5)	2 (7.7)	5 (19.2)	1 (3.8)	18 (69.2)
Tribals	80 (81.6)	-	-	-	80 (81.6)
Others	4 (57.1)	1 (14.3)	1 (14.3)	-	6 (85.7)
Total	125 (50.0)	25 (10.0)	18 (7.2)	7 (2.8)	175 (70.0)
					75 (30.0)

Note : Figures in the brackets are the percentage to the total in the row.

The Brahmins and Baniyas usually borrow; 59 per cent of Patidars also borrow. But their borrowings in comparison with their preponderance in cooperative membership are proportionately low. About 69 per cent of the Kolis are borrowers from cooperatives. 82 per cent of the tribal members and 86 members from 'others' draw co-operative advances. Of the total borrowers 46 per cent were tribals, 39 per cent were Patidars, 10 per cent constituted Kolis and 5 per cent the rest. All the tribals who borrow exclusively confine themselves to one institution. In regard to 'other castes' 57 per cent draw from only one society, while the remaining drew from more than one institutions. Borrowing from more than one institution would be noticeable in socially progressive castes like Brahmin, Baniyas and Patidars, because of their enlightenment, enterprise and resources.

Borrowings and subsidiary occupations:

It would be interesting to relate borrowings by members to their subsidiary occupations. This is attempted in the following table.

Table - 18 Borrowings from cooperatives and subsidiary occupations

Subsidiary occupation	Number of societies				Total	
	One	Two	Three	Four	Borrowers	Non-Borrowers
Service	7 (21.1)	6 (18.2)	3 (9.1)	2 (6.1)	18 (54.5)	15 (45.5)
Trade	1 (100.0)	-	-	-	1 (100.0)	-
Labour	30 (71.4)	-	-	-	30 (71.4)	12 (28.6)
Diamond-cutting	2 (20.0)	1 (10.0)	1 (10.0)	2 (20.0)	6 (60.0)	4 (40.0)
Others	3 (33.3)	1 (11.1)	-	-	4 (44.4)	5 (55.6)
No subsidiary occupation	82 (52.9)	17 (11.0)	14 (9.0)	3 (1.9)	116 (74.8)	39 (25.2)
Total	125 (50.0)	25 (10.0)	18 (7.2)	7 (2.8)	175 (70.0)	75 (30.0)

Note : Figures in the brackets are percentage to the total in the row.

About 66 per cent of the borrowers had no subsidiary occupation. Labour and service constituted subsidiary work for 17 and 10 per cent respectively of the members. The extent of borrowing from more than one institution was higher among those who reported service and diamond-cutting as their subsidiary occupations. Among those who had no subsidiary occupation, 29 per cent had drawn from more than one society. The absence of subsidiary occupation connotes heavy reliance on agriculture as well as economic distress which would lead to greater degree of borrowing.

Family membership and loans:

We have seen earlier cooperative membership by family members over and above the head of the family. Multiple membership would lead the member to borrowings from more than one society. But more members in the same family would also borrow individually. The table below gives information about the amounts borrowed and number of borrowers in the selected families.

Table - 19 Distribution of families by borrowings & number of members, 1966

Members of cooperati- ves in the family	Total members	Distribution by amounts borrowed (in Rs.)			% Total	
		0-500	500-1000	1000 & above	Borrowers	Non- Borrowers
One	185 (100.0)	97 (52.4)	14 (7.6)	25 (13.5)	136 (13.6)	49 (26.5)
Two	30 (100.0)	5 (16.7)	3 (10.0)	11 (36.6)	19 (63.3)	11 (36.7)
Three	24 (100.0)	1 (4.2)	1 (4.2)	11 (45.8)	13 (54.2)	11 (45.8)
Four	7 (100.0)	1 (14.2)	2 (28.7)	1 (14.2)	4 (57.1)	3 (42.9)
Five	3 (100.0)	-	1 (33.3)	1 (33.4)	2 (66.7)	1 (33.3)
Six	1 (100.0)	-	1 (100.0)	-	1 (100.0)	-
Total	250 (100.0)	104 (41.6)	22 (8.8)	49 (19.6)	175 (70.0)	75 (30.0)

Note : Figures in the brackets are percentage to the total in the row.

The analysis reveals that 70 per cent of the members were borrowers and 30 per cent were non-borrowers. 41 per cent of the members borrowed to the extent of Rs.500/-; 9 per cent from Rs. 500-1000 while 20 per cent borrow over Rs.1000. Among the families represented by a single member in the co-operatives, as many as 52 per cent fall within the first category of borrowing upto Rs. 500; 21 per cent of the members again who are similarly represented by one member borrow in excess of Rs. 500/-. The families represented by two members in cooperatives had a higher proportion of borrowers (47 per cent) in the size group of borrowings above Rs.500/-. As the number of members of cooperatives in the different families increases, the size of their borrowings falls in the higher loan brackets. About 78 per cent of the borrowers draw funds from one society, 11 per cent avail of credit from two, 7 per cent receive loans from three and the balance 4 per cent draw finance from four institutions.

Education and borrowings :

The level of education and loans borrowed have direct relationship. It would be fruitful to relate the amount of borrowings to the levels of education of the members. This is shown in table 20.

Table - 20

Distribution of families by borrowing and education

Education	Total members	Distribution by amounts borrowed (in Rs.)			Total	
		0-500	500-1000	1000 & above	Borrowers	Non-Borrowers
Illiterate	73 (100.0)	51 (69.7)	3 (4.2)	1 (1.4)	55 (75.3)	18 (24.7)
Primary	142 (100.0)	51 (35.9)	15 (10.5)	32 (22.6)	98 (69.0)	44 (31.0)
Secondary	26 (100.0)	1 (3.8)	4 (15.4)	12 (46.2)	17 (65.4)	9 (34.6)
Graduate	8 (100.0)	1 (12.5)	-	4 (50.0)	5 (62.5)	3 (37.5)
Post-graduate	1 (100.0)	-	-	-	-	1 (100.0)
Total	250 (100.0)	104 (41.6)	22 (8.8)	49 (19.6)	175 (70.0)	75 (30.0)

Note : Figures in the brackets are percentage to the total in the row.

It is evident that 42 per cent borrowed upto Rs. 500 while the rest of 28 per cent borrowed more than that amount each. Most of the borrowers (87 per cent) are illiterate; quite a substantial section of the members had studied upto primary level. Amongst those who were illiterate, 70 per cent belonged to the first category of borrowers upto Rs. 500. In the group of those who studied upto primary level, 36 per cent borrowed less than Rs. 500 and 23 per cent borrowed more than Rs. 1,000. Amongst those who received secondary education 46 per cent draw above Rs. 1,000. 50 per cent of the graduates members were similarly borrowers. As the level of education increased the proportion of borrowers decreased.

Subsidiary occupations and loans:

The nature of subsidiary occupation has relevance to the amounts borrowed. If the family incomes are augmented through such sources the family obviously would borrow less. Borrowings therefore have close relationship with subsidiary occupations. Table 21 brings out data pertaining to this relationship.

Table - 21

Distribution of families by borrowings and subsidiary occupations

Subsidiary occupation	Total members	Distribution by amounts borrowed (in Rs.)				Total	
		0-500	500-1000	1000 and above	Borrowers	Non-Borrowers	
Service	33 (100.0)	11 (33.3)	2 (6.0)	5 (15.2)	18 (54.5)	15 (45.5)	
Business	1 (100.0)	1 (100.0)	-	-	1 (100.0)	-	
Labourer	42 (100.0)	26 (61.9)	4 (9.5)	-	30 (71.4)	12 (28.6)	
Diamond-cutting	10 (100.0)	3 (30.0)	-	3 (30.0)	6 (60.0)	4 (40.0)	
Others	9 (100.0)	2 (22.2)	1 (11.1)	1 (11.1)	4 (44.4)	5 (55.6)	
No occupation	155 (100.0)	61 (39.3)	15 (9.7)	40 (25.8)	116 (74.8)	39 (25.2)	
Total	250 (100.0)	104 (41.6)	22 (8.8)	49 (19.6)	175 (70.0)	75 (30.0)	

Note : Figures in the bracket are percentage to the total in the row.

Among those who had no subsidiary occupation 39 per cent borrowed less than Rs. 500, while 26 per cent had drawn more than Rs.1,000. As many as 62 per cent of the members having labour as a subsidiary occupation borrowed less than Rs. 500. The corresponding figure for those having service was 33 per cent. Here again 15 per cent of them draw more than Rs. 1,000. 30 per cent of these members who had diamond-cutting as a subsidiary occupation borrowed less than Rs. 500 and 30 per cent borrowed more than Rs. 1,000. Among those without subsidiary occupation about 26 per cent borrowed more than Rs.1000. This might be due to agriculture itself being progressive and market oriented. It is difficult to draw any further conclusion relating to subsidiary occupation and the borrowings.

Caste of borrowers:

It would be interesting to relate amount of borrowings with caste. More revealing data is available from the size of borrowings when they are thus related. Table 22 attempts to provide this data.

Table - 22

Distribution of families by borrowings and caste composition

Caste	Total members	Distribution by amounts borrowed (in Rs.)			Total	
		0-500	500-1000	1000 and above	Borrowers	Non-Borrowers
Brahmin	2 (100.0)	1 (50.0)	-	1 (50.0)	2 (100.0)	-
Baniya	1 (100.0)	1 (100.0)	-	-	1 (100.0)	-
Patidars	116 (100.0)	17 (14.7)	11 (9.5)	40 (34.4)	68 (58.6)	48 (41.4)
Kolis	26 (100.0)	9 (34.6)	5 (19.2)	4 (15.4)	18 (69.2)	8 (30.8)
Tribals	98 (100.0)	71 (72.4)	5 (5.1)	4 (4.1)	80 (81.6)	18 (18.4)
Others	7 (100.0)	5 (71.4)	1 (14.3)	-	6 (85.7)	1 (14.3)
Total	250 (100.0)	104 (41.6)	22 (8.8)	49 (19.6)	175 (70.0)	75 (30.0)

Note : Figures in the brackets are percentage to the total in the row.

Among borrowing members tribals predominate with 46 per cent, followed by Patidars with 39 per cent. Such a proportion for Kolis works out at 10. Among tribals, 72 per cent borrow less than Rs. 500. Further, in this category of borrowers, one lone Baniya family is also included. In addition, this group covered 50 per cent of Brahmins, 15 per cent of Patidars and 35 per cent of Kolis. Such a proportion of borrowers upto Rs. 500 for 'other castes' worked out at 71 per cent. Among the borrowers exceeding Rs. 500 mostly Patidars and Kolis predominate. Patidars and Kolis are relatively more progressive agriculturists. They pursue agriculture as a commercial proposition and command a comparatively sound resource base. They, therefore, borrow amounts exceeding Rs. 500 and are able to regularly repay them. Patidars and Kolis are 85 and 65 per cent respectively of the total members. About 34 per cent of the Patidars and 15 per cent of Kolis borrow over Rs. 1000. Thus, the caste structure by itself does not provide a dimension of its own in the borrowing pattern. It is the nature of agriculture they pursue that carry significance in the quantum of borrowing.

Land and borrowings:

The size of land holding of members has a close relationship with the amount of borrowings from cooperatives. The table below sets out data regarding the spread of members by land-holdings and the amounts they borrow.

Table - 23

Distribution of families by borrowings and land holdings

Size of land holdings (in acres)	Total members	Distribution by amounts borrowed (in Rs.)			Total	
		0-500	500-1000	1000 and above	Borrowers	Non-Borrowers
0 - 5	78 (100.0)	41 (52.5)	6 (7.7)	6 (7.7)	53 (67.9)	25 (32.1)
5 - 10	58 (100.0)	26 (44.9)	7 (12.0)	7 (12.1)	40 (69.0)	18 (31.0)
10 - 25	67 (100.0)	27 (40.2)	7 (10.5)	14 (20.9)	48 (71.6)	19 (28.4)
25 - 50	35 (100.0)	7 (20.0)	2 (5.2)	16 (45.7)	25 (71.4)	10 (28.6)
Above 50	12 (100.0)	3 (25.0)	-	6 (50.0)	9 (75.0)	3 (25.0)
Total	250 (100.0)	104 (41.6)	22 (8.8)	49 (19.6)	175 (70.0)	75 (30.0)

Note : Figures in the brackets are percentage to the total in the row.

Of 175 borrowers, 53 per cent have holdings below 10 acres; 28 per cent possessed 10-25 acres of land and 19 per cent had land above 25 acres. Of those owing land below 10 acres, 49 per cent borrowed less than Rs. 500. Even farmers holding upto 25 acres of land do not appear to draw cooperative loans sizeably in excess of Rs. 500. As the size of land holding increases the proportion of borrowers in excess of Rs. 1,000 increases. Out of 47 members comprising the size group of 25 acres and more, 21 per cent borrowed less than Rs. 500; 6 per cent drew between Rs. 500-1000 and 47 per cent borrowed loan exceed Rs.1000. As big land holders have relatively greater need of funds, the amounts borrowed are more for them.

Utilisation:

The most important aspect of study, however, is the nature of utilisation of borrowings. The size of loans in relation to all other socio-economic features becomes of minor consequence if the borrowings are satisfactorily applied to the purpose for which they have been drawn.

Table - 24

Utilisation of and preference for cooperative finance

Village	Cash		Kind	Cash and kind		Total borrowers
	Total	Use in agriculture		Total	Used in agriculture else-where	
Puna	2 (22.22)	-	3 (33.34)	4 (44.44)	2 (22.22)	9 (100.0)
Sevani	-	-	12 (70.59)	5 (29.41)	-	17 (100.0)
Vanesa	-	-	15 (68.18)	7 (31.82)	1 (4.55)	22 (100.0)
Masama	1 (5.00)	-	1 (5.00)	18 (90.00)	1 (5.00)	20 (100.0)
Sonsak	5 (41.67)	1 (8.33)	-	7 (58.33)	7 (58.33)	12 (100.0)
Kos	5 (20.00)	-	-	20 (80.00)	6 (24.00)	25 (100.0)
Borakhadi	-	-	-	21 (100.00)	21 (100.00)	21 (100.00)
Ghantoli	1 (7.69)	-	-	12 (92.31)	3 (23.08)	13 (100.0)
Ghodchit	1 (5.56)	-	-	17 (94.44)	2 (11.11)	18 (100.0)
Gangadhara	1 (5.55)	-	7 (38.89)	10 (55.56)	3 (16.67)	18 (100.0)
Total	16 (9.14)	1 (0.57)	38 (21.71)	121 (69.15)	23 (13.14)	175 (100.0)

Note : Figures in the brackets are the percentage to the total in the row.

Out of 175 borrowing members, only 16 or 9 per cent preferred to have the entire loan assistance in cash, 38 persons or 22 per cent preferred kind loans, while 121 constituting 69 per cent preferred both cash and kind. Most of those who preferred cash loans diverted them to other uses. Such a misapplication of cooperative finance was noticed not only in subsistence villages like Kos, Ghantoli and Ghod^hchit, but also in Sonsak, Puna, Gangadhara and Masama. Even those who preferred both cash and kind loans frankly admitted having diverted loans to other uses. The 98 cases of loans channeled to other uses occurred in Borakhadi, Masama, Kos and Ghodchit. The proportion is still higher in tribal agriculture. Despite measures to ensure productive use of cooperative funds, the tribal agriculturists and marginal and sub-marginal farmers in other areas had by necessity to divert them significantly to consumption. Even fertilisers and other supplies given as kind loans in tribal areas were reported to be sold to relatively more prosperous and progressive farmers in the adjoining areas. The subsistence farmers are also reluctant to assume risks of adopting new techniques. These farmers, again do not seem to have even the knowledge of sophisticated inputs. His needs of cash are so pressing that he is tempted to meet them by disposal of valuable inputs received as kind loans to earn well-needed money. Particularly such distress prevailed in the lean periods. This also benefits the substantial farmer because his outlay on the purchase of inputs in the black

market is moderated a little. This handicap of the economically marginal and sub-marginal farmers can be overcome through extension education and propaganda which will help them use these inputs to their own advantage. It is quite true that such credit will be costly initially but it would have sure results in the long run. It is unfortunate that the Package Programme in Surat has not been able to produce full impact, though the extension agency is well laid out. The impression that one gathers is that under the Package Programme attention is devoted only to supply the inputs. The extension agency does not seem to pay attention to the right application of these inputs in agriculture. Means thus were turned into ends. The extension workers might not have succeeded in helping farmers to the right method of applying the inputs under appropriate technology. The overall supply of resource inputs was also inadequate. In some of the villages it could be noticed that it would be risky to liberalise loans because of the probability of their misapplication. It would in its turn lead to a more serious problem of recovery later. The supply of even fertilizers that is not judiciously decided upon with regard to availability of irrigation, soil conditions and climatic factors like famines and floods, might turn out to be a waste. Any insistence on lifting kind loans irrespective of these factors will create serious difficulties.

Some of the tribal agriculturists were reluctant to borrow liberally because they were apprehensive about their own

ability to repay. As long as the repaying capacity is poor, the only way to transform his occupation is by improving farm techniques and organisation further reinforced by and linked with the requisite ancilliary services such as agricultural extension, marketing, etc., which would step up productivity, augment incomes and provide automatically repaying capacity.

Out of 250 members belonging to the credit and marketing cooperatives that were examined, 134 or 54 per cent mentioned that loans are provided on the basis of their crop requirement; 51 members or 20 per cent stated that land still continued to be the basis of finance while 5 of them indicated that loans were given to them on the basis of their share-holding. It is significant that 60 members forming 24 per cent had no knowledge of how the quantum of cooperative credit was decided upon and what was its basis.

The inquiry further revealed that 201 members out of 250 studied, had no difficulty nor complaint to make about the working ~~of~~ of cooperatives or against the office bearers or the staff. Only 11 members reported that they had to offer gifts or illegal gratification to secure credit. Another 38 could not specifically express on this matter. Further 209 members or 84 per cent did not feel that the benefits of cooperative finance was confined only to the substantial farmers and firmly believed that credit requirements of any member was not by-passed.

In the Olpad and Choryasi talukas particularly there is the problem of overlapping of the function of credit as between credit and marketing societies. Strenuous efforts are made by the government at reorganisation of credit structure and to ~~prevent~~ checkmate the combination of finance, marketing and processing through the same society. All the 75 member cultivators of Puna, Masama and Sonsak who were pointedly asked to give their experiences of the system pleaded for the continuation of the existing arrangement under which the marketing societies extended advance-cum-loans to them in anticipation of the farmers selling their crops through them. In Sonsak 22, in Masama 21 and in Puna 18 persons out of 25 in each who were interviewed conveyed that they do not find any difficulty or inconvenience in dealing with more than one marketing society organised on the basis of a crop each. Actually they felt that they were provided with specialised advice on sale of their crops by the marketing societies concerned. In all the three villages, 69 out of 75 respondents felt that the credit-cum-marketing arrangement had not resulted in any competition or rivalry as between credit and marketing societies. They, therefore, favoured the existing arrangements as beneficial to them and agriculture and did not harm the working of the credit societies of their villages. According to them, there has not been excessive financing of members by both the types of cooperatives and this is demonstrated by the very favourable record of recovery and absence of accumulation of large overdues

anywhere. The whole credit-cum-marketing mechanism as it has come to be devised keeps the wheels of credit requirements moving and relates the repayment to marketable surplus, thus giving rise ultimately to the process of self-finance of members and a broad-based viability for the marketing cooperatives. The institutions build their own capital and reserves over years which are available to accommodate the members. This is how the cooperative movement can hope to be self-reliant. There certainly cannot be over-financing or overdues in respect of advance, part-payment of price or finance by the marketing societies as the working provides for an automatic system of checks and counter-checks. The outstanding, for instance, are cleared first from the realisation of the value or crops marketed through them.

Functional overlapping:

Thus, in conspicuous contrast to the defective and inflexible institutional credit system of the traditional pattern, Surat district provides an example of cooperative credit and marketing-cum-credit structure, where both the functions - credit and marketing - are controlled by one society as well as the credit cooperative which undertakes a few functions in addition to credit. Not only does the cultivator avail of the credit facility, but through attractive prices he is geared to bring the crops to the society for marketing. There are no overdues. The marketing societies also extend production

finance in addition to part advance payment of price of produce to be sold through them, but if non-existence of overdues is any guide, the three functions appear to have been evenly balanced. The time has come for us to think of a more effective alternative policy which, keeping production at its centre, integrally links credit with marketing and does not make production to be separately handled by another society. Under the Surat pattern, credit, marketing, other activities and the recovery are so organised as to ensure implementation without separate provision having to be made for supervision at each stage. The clue to the success of the Surat pattern lies in its insistence on making credit proportionate to the size of the produce coming up for marketing. In the present state of our cooperative development, it is obvious that a close inter-linking of credit and marketing of this kind cannot be readily taken for granted if the two activities are controlled by two separate societies. The eagerness, therefore, with which we are being asked to scrap this unitary, centralised system of the Surat pattern eludes explanation, particularly when it is realised that there are hardly specialized credit societies and they also pursue credit functions to greater or lesser extent.

One of the arguments often put forward in justification of the present dual system is that the marketing societies make advances only for cash crops and that there being no similar credit facilities extended for foodgrains, the role that the primary societies are left with is merely one of extending

credit for the later. The answer to this might be sought through specialised and viable organisation for the marketing of foodgrains rather than to foist a rigid, orthodox and hitherto ineffective pattern on a system which has shown such encouraging results. The other argument that only the more prosperous farmers would benefit from the finance provided by the marketing cooperatives and thus lead to a tendency to hoard supplies pushing up the price level is equally untenable. If anything, it is the present dual system of credit and marketing which has left the small and needy cultivator relatively less attended to as has been revealed by the findings of All India Rural Credit Survey and All India Rural Debt and Investment Survey. On the other hand, we have seen, the small cultivator has always been able to avail of the facilities offered under the pattern in this district. If we give up the pattern we shall only be bringing about a collapse of a credit edifice of long standing without creating an alternative to replace it equally effectively. All the problems of credit and marketing will then confront us anew. Inevitably, loyalties will be divided, and the whole arrangement of marketing will be gravely disturbed. What is more important, with the two activities of production and marketing being undertaken by two separate bodies, the unit cost of both would very probably go up. The case of functional specialization of credit and marketing is further weakened by the fact that many credit societies in the area tend to be multipurpose in working so that when credit is attempted to be diverted from marketing,, it will be clubbed with other non-credit function or functions.

Summing up:

The analysis of the economic background of the members of the cooperatives reveal that favourable agronomic and social conditions is a pre-requisite to successful functioning of cooperation, but specially the credit mechanism. Credit requirements increase with progress and the capacity of the cooperatives also increase to meet them with as they become more and more self-reliant. The medium and big farmers receive more accommodation. The facility is augmented because more than one member from the family patronize the cooperatives. And yet, small farmers are not by-passed for the ostensible purpose of crop loan ^{and} true to the object ^{of} ~~which~~ ~~which~~ ~~the~~ ~~system~~ ~~about~~ ^{production} ~~agricultural~~ finance. The arrangements of kind loans and of recovery, especially through proceeds of crops ensure the linkage of credit with marketing. Such a link has been more or less perfected by marketing cooperatives, has remained weak in other areas of institutional finance and marketing under the programme of integration of the two functions.

In tribal areas cooperative credit has remained featureless. For, farmers of these areas have a problem of turning credit to productive use. Credit by itself would not create new resources. It would lead to future growth through higher productivity only if it is dispensed under proper conditions and matched by adequate inputs and extension service. Marketing and credit again are mutual and reciprocal, the latter through higher production leading to the former. What is important therefore, is the establishment of this mutuality which seems

to have been accomplished by both, due to the progressive character of agriculture in the region, but perfected by the marketing cooperatives due to the emergence over time of automatic self-generating process.

The agriculturally progressive regions speedily adopt more rewarding crops and crop practices. In such areas the challenge is not the farmer's resistance to progress or change, but of evolving superior research techniques to help rapidly translate them. As already pointed out, for tribal-cum-backward agriculture credit alone is of no avail. It has to be accompanied by complementary sources and an automatic built-in process for their proper application. The need is to supervise the use of credit and inputs and 'wet-nurse' the whole enterprise, till he is put on his own. This alone would be rewarding to tribal and backward, weak peasantry and agriculture generally.