



CO-OPERATIVE CREDIT SOCIETIES IN INDIA

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ABSTRACT:

Primary Cooperative Credit Societies are fashioned at village or city level. A primary credit society refers to any cooperative society apart from a primary agricultural credit society. It's primarily an association of members residing during a explicit section. The members will be borrowers or non-borrowers. The funds of this society are derived from the share capital of the deposits and additionally the loans from central cooperative banks. Consistent with the norms, the paid share capital and reserves of a Primary Credit Society ought to be but Rs one hundred thousand. Like society will do banking business while not being needed to require a license from the run. However, the Banking Laws (Amendment) Act, 2012 has allowable run to assume extra restrictive powers over co-operative banks. It additionally offers the regulator the ability to withdraw freedom given to primary co-operative credit societies to work as banks while not a license from run. Within the Primary Cooperative Credit Society, the borrowing powers of the members further as of the society are mounted. It usually offers tiny credit for farm inputs, fodder, fertilizers, pesticides etc.

Keywords- *Fashioned, Borrowers, Consistent, Mounted etc.*

INTRODUCTION:

In India, Co-operative Societies were considered ideal instruments to inspire the individuals to come back along and facilitate themselves within the method of eliminating the unscrupulous middlemen creating vast profit at the expense of the society. The Cooperative Credit Societies Act, 1904 enabled formation of cooperatives for supply to farmers low cost credit and defend them from exploitation by moneylenders. The Cooperative Societies Act, 1912 enlarged the sphere of cooperation and provided for management by central organization. A cooperative society, that has its object the promotion of the economic interests

of its members in accordance with the co-operative principles, is also registered with restricted or unlimited liability by filing application in the course of copy of its byelaws and signed by a minimum of ten adult members of the identical vicinity, class, caste, tribe or occupation

OBJECTIVES OF THE STUDY:

1. To study the co-operative credit societies in India.
2. To Study the organization structure of credit societies in India.
3. To study the problems of co-operative credit societies in India.

COOPERATIVE SOCIETIES IN INDIA:

The beginning of useful cooperative societies in India was counseled initial by the Agricultural Credit Department of the run batted in in 1937. The suggestions of the run batted in regarding useful cooperative societies were later supported by the cooperative designing committee. The cooperative designing committee (1946) that was appointed by the govt. of India to draw up an inspiration of cooperative development for the country counseled that the first credit therefore society ought to be reformed and organized so on function a centre for the final economic improvement of its members." The Committee projected that primary village societies ought to particularly undertake finance of crop production, promoting of crops, offer of farmer's domestic and farm requisites, maintenance of machinery for hiring bent agriculturists, encouragement to subsidiary industries etc. On the organisational facet, the Committee recommended that "the membership of the society ought to be hospitable all persons residing in its space of operation. The Society ought to be therefore organized on have a minimum of fifty members and its space of operation ought to be same as would allow adequate business and at the identical time economical management and effective management." In fact, the Committee wished the said pattern to be a model for future organization once it counseled that "a try ought to be created to bring, fifty per cent of villages and thirty per cent of the agricultural population at intervals the extent of the organized primary societies at intervals a amount of ten years". These

recommendations of the cooperative coming up with Committees (1946) were supported by the Fifteenth conference of Registrars of cooperative societies control in 1947.

In India, entire economy still as social life are often supported the principles and beliefs of co-operation. The varied levels of co-operative credit structure are consistently organized in order that the members will simply assimilate verity spirit and dealing of the co-operative movement, notably the sensible a part of this movement, it helps to lift productivity, enlarge employment and financial condition reduction in rural areas. The co-operative sector has unfolded its activities altogether spheres of the economy. Economic reforms have semiconductor diode to several changes in policies in Indian economy; co-operative societies are the foremost necessary part of protection of the agricultural poor population must improve their fight. Within the context of economic reforms amount once government policy is withdrawn its protecting role, Co-operatives should be self-directed and also the survival of co-operatives can finally rely on their performance and fight. There are some weaknesses within the operational of co-operatives i.e. stricken by lack of funds, difficulties in borrowing funds, advancing of loans even for unproductive purpose, etc. if the weaknesses are properly known it's attainable to get rid of then by deliberate measures with action to beat the identical. Therefore, it's firmly believe that co-operative movement should succeed and there's no substitute to co-operation for economic improvement of the poor lots of rural economy within the context of economic reforms. Co-operatives play a dominant role in rural areas by providing essential finance for overall growth, strengthen agricultural base, increase the capability of production and profitably for overall development.

ORGANIZATION OF CO-OPERATIVE CREDIT STRUCTURE IN INDIA:

The co-operative banking structure in India contains 2 main parts, viz., Urban Co-operative Banks and Rural Co-operative Credit establishments. Whereas Urban Co-operative Banks have one tier structure, Rural Co-operatives have a fancy structure. Rural Co-operative Credit establishments have 2 distinct structures, viz., the short Co-operative Credit Structure (STCCS) and long-run

Co-operative Credit Structure (LTCCS). Inside the STCCS, Primary Agricultural Credit Societies (PACS) at the village level, whereas District Central Co-operative Banks (DCCBs) are placed at the intermediate level and also the State Co-operative Banks (SCBs) at the apex level. The STCCS largely give crop and different capital loans primarily for a brief amount to farmers and rural artisans. The long-run structure of Rural Co-operatives contains State Co-operative Agriculture and Rural Development Banks (SCARDBs) at the State Level, and first Co-operative Agriculture and Rural Development Banks (PCARDBs) at the suburbanized district or block level. These establishments specialize in providing usually medium to long-run loans for creating investments in agriculture, rural industries and housing.

PROBLEMS OF CO-OPERATIVE CREDIT SOCIETIES:

1. Lack of Naturalness:

Co-operative movement in India lacks naturalness within the sense that it's not been emanated from the individuals themselves. they sometimes don't step forward to organise co-operatives on their own accord. On the opposite hand, the ruralites understand the cooperative societies and banks as government disposition agencies. they're interested solely in etymologizing edges from them rather than causative something reciprocally.

2. Lack of Funds:

The cooperatives have resource constraints as their closely-held funds hardly build a sizeable portfolio of the capital. With weak closely-held fund base, the borrowings of the cooperatives from the central finance agency are significantly conditioned. This has stood within the manner of adequately meeting the credit necessities of the prevailing yet as new members.

3. Neglecting the Demand Aspect:

Historically the cooperatives are reading the matter of agricultural credit from the view purpose of "supply". The "demand" side is neglected.

4. Loans for Productive Functions Only:

The Co-operative Credit Societies don't cater to any or all the credit necessities of the farmers. They grant loans just for agricultural operations.

Farmers approach the money-lenders to fulfill their alternative necessities. This divided allegiance to the co-operative society and therefore the money-lender stands within the manner of the expansion of the co-operative movement.

5. Negligence of Non-Credit Aspects:

By and huge the first Agricultural Cooperative Societies are disbursing credit solely and haven't nonetheless emerged as true utile establishments, endeavor distributed functions besides credit.

6. Regional Disparities:

There has been good buy of regional disparities regarding credit handiness. the image of credit handiness within the japanese states, social group and cragged regions is just dismal. Consequently, the farmers in these regions farm technology.

7. Lack of Co-operation on the a part of the People:

In the Indian context, most of the individuals are within the grip of illiteracy, mental object and ideology. they are doing not perceive the importance of cooperation in their lives. Absence of willing cooperation on their half hinders the expansion of cooperative movement.

8. Exploitation:

In the absence of correct promoting arrangements and functions at the extent of Primary Agricultural Cooperative Societies, the agricultural poor falls prey to the mercy of middlemen UN agency exploit true.

9. Defective Management:

The cooperative credit structure is criticized on the bottom that it's principally managed by landlords and huge farmers. Hence little and medium farmers don't get their fair proportion. They're typically empty the help from the co-operative society. Massive farmers and landlords, with their superior economic and social power, manage to possess larger hold on these societies. A lion's share of advantages goes to them. During this manner, the cooperatives suffer from favouritism, favouritism and partiality. the expansion of the cooperative movement, thus, is severely affected.

10. Political Interference:

Sociologists like Sujata Patel and Daniel Thorner hold the view that political interference acts as a formidable obstacle for the expansion of cooperative movement. The co-operative societies became the new bed of politics in rural Asian country. The choice of beneficiaries is usually done on political issues.

11. Non-viable Character:

It is determined that a lot of agricultural credit societies in India are of non-viable character. It's as a result of dedicated; honest and economical individuals don't step forward to join such societies. Factors like red-tapism; undue political interference and therefore the robust hold of enormous farmers have inhibited the expansion of co-operative movement. Hence the co-operative movement has not returned up to the extent of expectation.

12. Lack of Co-ordination:

There has been an absence of co-ordination among the institutional agencies at the grass-root level. Defaulters of co-operatives will become borrowers of alternative agencies. Such double finance and over-lapping are found just because of lack of co-ordination.

13. Downside of Overdues:

Last however not least, the most important downside of co-operative credit is ever-rising overdues. The performance on the recovery facet has been dismal. Twenty seven to fifty per cent of the overdues are reported in respect of the Cooperative Credit Societies. Overdues additionally exist with regard to Central Co-operative Banks and exploitation Banks. Obviously, the high level of overdues hinders the method of re-cycling of credit of Co-operative Credit societies.

CONCLUSION:

The agricultural economy bit by bit became keen about an off-the-cuff credit market dominated by moneylenders called Mahajan. With the commercialization of the agriculture beneath the revolution rural liability additionally inflated. Co-operative societies render varied services to the

agriculture and non-agriculture sector (viz. industrial, housing, labor, etc.) in geographic Area State. Co-operative societies produce associate degree encouraging setting, spirit of competition and support economic activities within the rural areas that promote participation of rural individuals in sustaining overall development.

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