

CHAPTER-VII

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

7.1. Summary

The present study was conducted at the instance of the Planning and Development and Cooperatives Departments, Government of Punjab, with the main objective to investigate whether the interest-free credit through agricultural cooperative credit societies was reaching the target group holding land upto 12.5 acres in Punjab.

For the purpose of the study, the whole province was divided into four crop ecological zones, namely, the barani, rice, mixed and cotton. The sample consisted of 75 societies and 571 members along with 261 non-members. One district from barani zone, two from each of cotton and rice zones and four from mixed zone were selected and the sample of the societies was distributed among them proportionately.

During the survey, the team could not trace some of the societies. Therefore, the team member could neither meet any office-bearers of those societies nor their record could be examined. These societies did not exist, except on paper. Therefore, the analysis was confined to those societies which were existing on the group. The main analysis presented in the report is thus based on 63 societies.

Main findings of the study are given below:

1. Out of 75 sample societies, genuine societies were only 3 per cent, while the non-genuine and family societies, both together, were 33 per cent. The remaining 64 per cent were found to be one-man or bogus societies.
2. Only 17 per cent society operators were from the small farmers category and 32 per cent operations were large farmers having area more than 12.5 acres. Majority of sample operators (33 per cent) had their main occupation as business. Among the rest, 18 per cent were Government officers/officials and influential persons.
3. It was found that 61 per cent societies out of 75, were unknown in the villages.
4. It was revealed that the general body meetings were, on the average, held 1.2 times in a year. The attendance in them was 47 per cent, according to societies' records, and 31 per cent, according to our survey.
5. According to the societies' record, the management committee meetings and attendance in them were 4.2 and 69 per cent respectively.
6. The average number of audits was found to be 0.19 per society. Similarly, the number of visits paid by the Cooperative Department officials/officers to the societies were hopelessly low.
7. Only 19 per cent of the numbers were actual, a subset of which was genuine. The maximum proportion was of bogus members and 22 per cent were family members.
8. In order to fit into the maximum far size allowed to enjoy interest-free loan from cooperatives, over-reporting and under-reporting of the size of operational holdings was done by almost all the farmers.

9. Out of 373 loans disbursed, according to the societies' record, 73 per cent were bogus. The average amount against 273 bogus loans was Rs. 4117. Out of the remaining 27 per cent loans which were actually reported, 9 per cent were genuine loans.
10. About 72 per cent of cooperative loans amount was going to 'bogus loanees'.
11. The average amount of loan in every farm size category, as discovered in the survey, was lower as compared with the societies' record.
12. About the reasons of the member not getting credit from the societies, 22 per cent members reported that fertilizer was never brought in their village, 20 per cent claimed that fertilizer was not available at proper time, while 15 per cent complained that the prices charges by the cooperatives were higher than the market prices.
13. Thirty-six per cent of non-members stated that they did not know about the societies, while 28 per cent were not interested in taking membership due to the behavior of society operators.
14. The average doses of fertilizer for the loanees and the non-loaneees were 56 and 53.4 nutrient kgs. Per acre respectively.
15. The loanees had slightly higher yields for cotton and maize, whereas the non-loaneees were getting higher yields for rice, sugarcane and wheat. However, the difference in yields was not significant in any of the cases.
16. The loanees were earning more than three times higher income from off-farm sources than the non-loaneees, indicating that former were not as thoroughly involved in farming as were the latter.

7.2. Conclusions and Recommendations

It was revealed that the 'inspections', 'visits' and 'audits' of the societies were seldom done. As a result, genuine societies were just disappearing, and 'bogus', 'one-man' and 'non-genuine' societies were showing mushroom growth. Obviously, it is an undesirable situation which must be checked as soon as possible. To achieve this objective, the following steps are recommended:

- i) Circle Registrar must visit each society in his circle at least once in each 'rabi' and 'kharif' crop season. In order to make it practicable, the following must be ensured:
 - a) the Registrar is given proper transport with adequate amount of operating expenditure, because at present they have very meager amount of funds for running and maintenance of vehicles.
 - b) Formation of many societies in a village should be discouraged. In a village only one or maximum two societies should operate.
 - c) If a district is big or has too many societies, it should be spilt into two or more circles.
- ii) There must be at least two audits of the societies' accounts (one in each crop season) in a year. For this purpose, the Circle Registrar (CR) office should be given adequate staff. At present, it was generally reported that the Cr officers did not have adequate number of this staff.
- iii) At present, the responsibility of making a wrong society does rest practically on nobody's shoulders. Therefore, either 'Inspectors' or 'Assistant Registrars' must be

made responsible for this. Also each of them should make at least four visits to the societies in a year.

- iv) It must be made regular practice that in each crop season (i.e. twice in a year) announcement about the existence of cooperative society in the village should be made on loudspeakers. Also, there should be announcements about the arrival of fertilizer, etc. in the village so that the members could come and receive it. Finally, the list of the loanees should be made public document and displayed at union council office.
- v) Monitoring and evaluation surveys should be made a regular activity. These surveys should be done by an independent institution.

The loans given by cooperatives were not generally reaching the target group. Out of the total loans, 73 per cent were bogus, and out of total loans' amount, 72 per cent were of the same nature. In order to check this situation, following steps are suggested:

- i) The bogus loans were mostly going to large/influential farmers, whereas they were not eligible to avail themselves of mark-up free loans. They become members and get loan by under-reporting their farm area. Similarly, some of the non-farmers also succeed in getting loans from Cooperatives. In order to stop this practice, it is suggested that a list of farmers with their operational area should be compiled in each crop season. This list should be put in a public place like union council office so that anybody could examine. Then the loans should be given according to area given in this document.
- ii) A study about commercial banks (Khan and Sawar, 1986) indicated that many farmers were taking loan at one time from different banks or from different branches of the same bank for the same purposes. It is called multiple loaning. Then the possibility of a society members getting loans from commercial banks or from other societies cannot be ruled out. In order to prevent this, every district should be divided into zones, and in one zone only one institution, either bank or cooperative, should operate.
- iii) Cooperative inspectors should be given smaller area of operation so that they could develop personal contracts with the members of cooperative societies. They should examine the list of applicants for cooperative loans.

It was revealed by the study that the way the cooperative credit was availed/used in Punjab, it did not have the expected impact on fertilizer use level and crop yields. Main reasons for this were:

- i) Presence of overwhelming majority of bogus loans
- ii) Use of cooperative loans for 'consumption'.

In order to improve this situation, it is suggested that the recommendations already given above may be adopted.

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