

*A STUDY ON
DEMOCRATIC MANAGEMENT PRACTICES IN
PRIMARY AGRICULTURAL CREDIT SOCIETIES IN TRICHUR DISTRICT*

By
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THESIS

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DECLARATION

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I hereby declare that this thesis entitled 'A study on democratic management practices in primary agricultural credit societies in Trichur district' is a bonafide record of research work done by me during the course of research and that the thesis has not previously formed the basis for the award to me of any degree diploma associateship fellowship or other similar title of any other University or Society

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Certified that this thesis, entitled "A study on democratic management practices in primary agricultural credit societies in Trichur district" is a record of research work done independently by Sri Ranjit Kumar, E G under my guidance and supervision and that it has not previously formed the basis for the award of any degree, fellowship or associateship to him

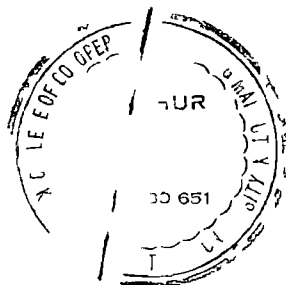


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INTRODUCTION

CHAPTER I

INTRODUCTION

Cooperation as a social and economic system is not based on one specific concept or social theory but on a collection of ideas and concepts such as mutuality, the weak combining in solidarity for greater strength equitable sharing of gains and losses self-help a union of persons with a common problem the priority of man over money and the non-exploitative society The overriding concept present in all cooperatives i.e. the thread that passes through all these ideas and thought is a group of people small or large with a commitment to joint action on the basis of democracy and self-help in order to secure a service or economic arrangement that is at once socially desirable and beneficial to all taking part This has been rightly pointed out by the MacLagan Committee (1915) the theory of cooperation is very briefly that an isolated and a powerless individual can, by association with others and by moral development and mutual support obtain in his own degree the material advantages available to the wealthy or powerful persons and thereby develop himself to the fullest extent of the natural abilities .

Cooperation as a form of organisation has certain characteristic features which distinguish it from other forms

the aims of democracy viz. preservation of freedom of human beings and self-government by eliminating the supremacy of capital over man. But there may be a gap between theory and practice. At present the environment in which the cooperatives are functioning are not conducive for the smooth functioning of cooperative democracy. Factors such as officialisation, politicisation, the principle of state partnership, the various restrictive provisions in the cooperative legislation etc. has damaged the cooperative system.

The Report of the Committee on Cooperative Law for Democratisation and Professionalisation of Management in Cooperatives 1987 (Ardhanareeswaran Committee) recommended deletion of some of the existing provisions which mitigate against the democratic character and autonomy of cooperatives. The Report of the Agricultural Credit Review Committee, 1989 (Khusro Committee) stated that the state partnership which was conceived as an effective measure for strengthening the cooperative credit institutions has paved the way for everlasting state control over cooperatives culminating in virtually depriving the cooperatives of their democratic and autonomous character.

Further as dependence came to be on vertical financing and refinancing by higher institutions the members of

the cooperatives seldom thought of the funds as their own assets but more often regarded these as Government funds. The interest they would have taken in their own institutions the democratic control they would have exercised on the use recovery and nurturing of the funds and the check they would have brought to bear on the functionaries of the cooperatives all ceased to exist. Neither effective lending nor speedy recovery nor profitability came to be insisted upon. The members became disinterested parties or permitted colossal inefficiencies. This in turn, brought in political interference of several sorts. The cumulative and self-reinforcing negative effects of all these factors made the co-operatives a mediocre inefficient and static system. The value orientation of the cooperatives increases the dimension of the problem. The two value systems - enterprise values and institutional values - constitute the fulcrum on which cooperatives are promoted and sustained. A cooperative can be compared to a man requiring two legs to stand erect and move forward smoothly. One leg of the cooperative society is the leg of idealism and the other of good business management. Value orientation by the cooperatives is very often considered as an obstacle in attaining economic viability. A successful cooperative in the commercial sector has often been blamed for widening the gap

between rich farmers and poor peasants. On the other hand attempts to introduce deliberate bias in favour of small scale producers has led to the difficulty in building up capital reserves and to find qualified managers (Mohanani 1988). The primary agricultural credit societies which are considered as the foundation of the credit structure and the training ground of cooperative democracy are confronted with the problem of maintaining organisational efficiency within the framework of their social and democratic obligations. This study therefore has the following objectives

1.1 Objectives of the study

1. To identify the key factors affecting democratic values and organisational efficiency
2. To examine the relationship between the key factors of democratic management and economic performance
3. To study the member behaviour and their relationship between managing committee

1.2 Scope of the study

Primary agricultural credit societies are the oldest and still continue to be the most predominant type of cooperatives in India that deal with the rural masses. Primary

cooperatives are considered as the training ground for democracy or the nursery for self-government. But empirical studies on how cooperatives' democracy works in practice are almost a novelty.

The present study is an attempt to study how cooperative democracy works in practice in primary agricultural credit societies of a district. Cooperatives are confronted with the problem of maintaining organisational efficiency within the frame work of their social and democratic obligations. The study, therefore, identifies the key factors of democratic management and organisational efficiency. Cooperatives are economic organisations, too. Thus the study will enable us to understand the relationship, if any, between democratic management and economic performance, which may, in turn, help us frame a more appropriate code of conduct for the cooperative enterprises. The study will also enlighten the member behaviour and their relationship with the managing committee. This will help to measure their attitude and loyalty towards their cooperatives.

1.3 Limitations of the study

Democracy in the management of a cooperative also implies autonomy or freedom from external control. But the

study has not attempted to examine the relationship between the cooperatives and the Government. Democratic management organisational efficiency and economic performance are affected by a variety of factors, but the study is confined to selected variables. Another limitation is that the study does not measure the degree of influence of the various key factors on democratic management.

1.4 Structure of the report

The report is divided into six chapters. The first chapter gives the introduction of the study. The review of literature is presented in the second chapter. A brief description of cooperative democracy and cooperative management is dealt with in the third chapter. The fourth chapter deals with the materials and methods of the study. The results and discussions of the study are presented in the fifth chapter. Finally, the sixth chapter summarises the study followed by selected bibliography, appendices and the abstract of the thesis.

REVIEW OF LITERATURE

CHAPTER II

REVIEW OF LITERATURE

In this chapter an attempt is made to review the earlier studies relating to cooperative democracy. The subject of democracy in cooperative organisations is very large and complex and at the same time empirical research on the operation of democracy is almost a novelty. Hence, apart from empirical studies views and opinions expressed by veteran cooperators on the operation of democracy in cooperatives are also reviewed. For easy comprehension the review of literature is classified under the following heads

1. Cooperative democracy
2. Cooperative democracy and leadership and
3. Cooperative democracy and efficiency.

2.1 Cooperative democracy

An investigation by Banks of London University and Ostergaard of the University of Birmingham in 1954 on the working of cooperative democracy in practice found that between 1933 and 1954 the average proportion of members attending business meetings and voting in election to Board has declined there is an association between the size of a society and the

proportion attending and voting. the larger the society, the smaller the proportion of members attending and voting.

Ostergaard and Halsey (1955-1960) found that in the nineteenth century, the local cooperative society was a microcosm of the democratic order. On the basis of open membership and the principle of one member, one vote it provided for its working-class members a means of participating in the wider society and served as a training ground in democratic politics. However the functioning of cooperatives as private microcosms of ancillaries to the national democracy is much muted and weakened at the present time. members' participation in general meetings has declined ominously to less than one per cent. the larger the societies the greater the apathy the lesser the reality of democracy. The study also revealed that the increase in size and the decline of member participation have been accompanied by an intensification of group struggle in the internal politics of societies.

Stephenston (1963) opined that the participation of members in democratic control can function in two ways in cooperatives. Firstly through voting in the election of Board of Directors and secondly by attendance at general and other meetings. However democratic control is more than

voting in an election it rests upon free discussion and criticism and without these, the governing body has little to guide it.

Eldin (1965) opined that cooperation is a democracy and like any other form of democracy, it needs an enlightened membership. The importance of enlightened membership is expressed in the following words If we had accession to start our movement afresh and if we were given the choice between two possibilities - that of starting without capital but with enlightened membership and staffs, or, on the contrary, that of starting with a large amount of capital and ill-informed members our experience would incline to choose the first course.

Weeraman (1973) stated that democracy is the very essence of cooperation for the reason that the cooperative would be failing in its purpose if the principle of democratic control was not observed.

Weeraman (1973) identified Vigilant Membership, Enlightened Board of Directors Size of Society, and Members' interest and involvement as the factors for success of cooperative democracy

of organisations. These features are commonly described as Principles of Cooperation. Dubhashi (1970) opined that cooperative principles are neither a prescribed code of conduct nor moral guidelines for actions nor do they like scientific principles predict consequences. They simply describe the properties of the cooperative form of organisation. The principles which characterize the cooperative form of organisation are (i) Voluntary membership (ii) Democratic organisation (iii) Limited rate of interest on capital (iv) Surplus distribution (v) Cooperative education and (vi) Cooperation among cooperatives. The International Cooperative Alliance Commission on Cooperative Principles (1966) stated the aforementioned principles as 'essential to genuine and effective cooperative practice'.

The principles of cooperation emanate from its basic aim viz. to protect and promote the interest of its members without affecting their freedom and dignity. So its affairs should be administered in the best interest of members. What form of administration could ensure this? Obviously administration by members themselves i.e. democracy only. Hence the principle of democracy is the basic principle of cooperation. All other principles of cooperation centre round this principle. While the principle of open and voluntary membership broad-bases and fortifies democracy the principles of limited interest on capital and patronage dividend re-inforce

Rana (1974) identified the following factors which affect the operation of democracy in cooperative organisation in South-East Asia. They are (i) Socio-economic milieu (ii) Low Literary and education levels (iii) Political exploitation (iv) Government control. In addition the author postulates a homogeneous community for the efficient working of democracy

Rana (1974) views the principle of democratic administration in the following ways

- (i) There should be agreed and efficient methods of consulting the members as a body and enabling them to express their wishes.
- (ii) Those who administer the affairs of the cooperative and in particular, conduct its day-to-day business must be chosen directly or indirectly by the members and enjoy their confidence.
- (iii) The status of all members is equal hence the rule in primary societies is one member one vote and one only'.

Singh (1975) opined that cooperative democracy cannot work in the absence of political democracy It is almost a

pre-condition for cooperative democracy as it enables in its broader democratic framework, the small cooperative units to exercise democratic control at the grass-root level and upwards in federal bodies constituted by them. This view is also supported by Paul Lambert 'In the absence of political democracy cooperative democracy is but a snare"

Watkins (1975) observed that expansion and increasing complexity of cooperative economic activity and the increasing importance of the role of cooperative movements in their respective national economies were not accompanied by any corresponding evolution of their administration in a democratic sense. The democratic forms were presented in the rule books but the substance of democracy seeped away as the societies outgrew, the social consciousness of the membership and the membership itself outgrew the physical capacity of meeting halls and the ability of paid officials and elected officers to maintain personal contact with more than a small fraction.

Krishnaswami (1976) observed that the hierarchical and segmental social structure of the villages and their inequitable economic system are not compatible with the democratic values of equality and equity. The conduct of meeting was on primitive way and it lacks all the essentials of a good meeting

viz., information, entertainment, inspiration and participation. The analysis of factors influencing democratic participation made with fifteen variables (personal, cultural and socio-economic factors) revealed that age, parents' membership and distance were not associated with democratic participation. Whereas caste, formal education, social participation, occupation, socio-economic status, shareholding, period of membership, knowledge of the structure and working of own society, members' identification, business participation and member satisfaction were positively associated with democratic participation. The factors which retard democratic participation are illiteracy, caste hierarchy, occupational heterogeneity, socio-economic disparity, lack of enlightenment, lack of identification, lack of loyalty and lack of satisfaction consequent on inefficient service.

Herman Lamm (1977) opined that a cooperative is a democratic institution. This approach should not stop with the member democracy. The democratic spirit should also apply to the management relations with the employees of the society. For the good performance of the society and the services to the members, we have to rely to a great extent on active participation by the employees. There should be communication with employees and management because this in turn will help

for communication with members in the right spirit because, it is the employees who mostly meet the members directly.

Nadkarni (1979) opined that "one member one vote does not sum up the substance of democratic management. It only describes the mechanism of democratic management. Therefore, those interested in democratic management cannot smugly remain complacent on the assurance that the cooperatives adopt and follow the rule of one member one vote .

Weeraman (1981) observed the principle of democratic control, 'as the affairs of a cooperative society shall be administered in accordance with the democratically expressed will of the members by persons elected or appointed in a manner agreed by the members and accountable to them. and in a primary society, members shall enjoy equal rights of voting and participation in decisions affecting their societies, each member having only one vote The principle of individual autonomy embodied in the voluntary principle is a corollary of the principle of democratic control

Nakkiran (1981) opined that the survival and the success of a cooperative society depend on the participation of the members in the deliberations and the democracy of the society The weapon which is very potent used by the members

to safeguard their cooperative democracy is their voting right, where 'one man one vote' policy is practised .

Mahalingam (1984) observed that democratisation is a process through which necessary political, administrative and working climate is created by all those promoting cooperatives and where the supremacy of will of the constituents in regard to management and operations of cooperative organisations will be recognised"

Asnanmi Hassan (1986) identified five major yardsticks to determine democratic character of cooperatives. They are (i) Membership is completely open and voluntary (ii) Participation of members (iii) Employees' calibre in running the business (iv) Flow of information to the members, and (v) Election or nomination of Board members should vest with members

Joyce Rothschild and Allen Whitt (1986) identified nine external and internal conditions facilitating democracy. They are (i) Provisional orientation, (ii) Mutual and self-criticism (iii) Limits to size and internal growth, (iv) Homogeneity, (v) Dependence on internal support base (vi) Diffusion of knowledge and technology (vii) Oppositional services and values (viii) Supportive professional base, and (ix) Social movement orientation.

Pradit Machima (1986) opined that in order to exercise the democratic principles with a purpose and meaning members must attend the meetings.

Krishnaswami (1987) opined that regularity in conducting meetings, participation attendance and participation in elections by members belonging to weaker sections regularity in convening board meetings to decide policy matters and review of the working the number of general body and board meeting held, the percentage of attendance participation of members in discussions etc will indicate the extent and nature of members' participation in democratic control.

Krishnamurthy et al (1988) opined that cooperative democracy, like political democracy, has a well built organisational structure to protect the democratic rights of members In cooperatives the organisational evidence of democratic management are (1) General Body composed of all the members and (ii) the Board of Management elected by the members from among themselves

Krishnamurthy Sayalu and Bhasker Rao (1988) made an attempt to analyse the democratic will of the members in terms of participation involvement and interest in elections meetings and decision making process and found that 52 per cent

of the respondents were unhappy due to delay in holding elections 56 per cent opined that money was a major motivator for voting and 30 per cent favoured the involvement of political parties The study revealed that, lack of knowledge about the affairs of the society, lack of educational background fear of hurting the feelings of the chairman and lack of interest were the reasons for passive attitude in deliberations of the board of directors

Resolution of the 12th Congress of Soviet Consumer Cooperatives observed that 'the revitalised cooperative should not follow the old and simple patterns, but must develop into self-managed and modern entities. Cooperatives must drastically overhaul their organisational work, which must henceforth be centered on measures to develop democracy and openness in everyway and to involve the shareholders more closely in managing and supervising their cooperatives' affairs".

Taimni (1989) stated the following requirements for democracy and participation They are Frame work Flexibility Member consciousness Members motivation Wide-spread benefit sharing Genuine leadership Commitment and concern of basic values Accommodation and Equity

Narayanaswamy and Ramesh (1990) explained that the democratic aspect of the cooperative movement must be strengthened by making the members actively participate in the affairs of the cooperatives. Arrangements should also be made to generate sufficient discussion between the members and the office bearers so as to make their critical faculty work and to give creative suggestions to improve the working of the cooperatives

2 2 Cooperative democracy and leadership

Guruswami and Chinnaiyan (1970) observed that seniority in age is an important factor in cooperative leadership. period of membership wealth and sex also played a decisive role.

Reserve Bank of India (1973) identified that there is a great dearth of leaders especially at the base level. This has in no small measure, been due to the fact that the cooperative movement was organised under official auspices and under official impetus Further leadership continues to be determined not much by popular will, but by status and position in rural hierarchy.

Puri (1979) opined that a leader is a person who is able to formulate the goals to be realised through group

activity and who can organise and direct men and materials so as to achieve the desired goals.

Dharm Vir (1983) states democratic leadership as the leader who draws ideas and suggestions from the group by discussion and consultation. The group members are encouraged to take part in setting policy. The leaders' job is largely that of a moderator.

Sidhu and Sidhu (1987) conducted a comparative study on successful and unsuccessful primary cooperatives and identified members' loyalty and participation as well as dedicated, honest and unselfish leaders as the crucial factor for the success of cooperative societies.

Venkateswaran (1987) found that participative and democratic leadership, borrower satisfaction arising from simplified loaning procedures and active participation of members in the functioning of the cooperatives along with other factors contributed to the success of primary agricultural credit societies.

The Canadian Government Handbook for Eskimos states that Cooperatives are like dog-teams - they can only work if there are leaders

Daman Prakash (1988) opined that it is members who operate the cooperative institution to satisfy their social and economic needs. It is from among these members that the leaders emerge. These leaders are the key elements in operating cooperative institutions. It may be stated that in countries where the movement is weak and ineffective, the absence of a dynamic leadership is one of the major causes. It is these leaders who put the practices of cooperative democracy in action.

Sharma (1988) identified three elements that are most important for the successful working of cooperatives. They are dedicated leadership, professionally competent management, and enlightened membership.

Dieter Braver (1989), in his study of the Deedar Cooperative in Bangladesh identified the degree of popular participation in the running of the cooperative and an able, determined and sincere leader for the success of the society.

The Report of the Agricultural Credit Review Committee (1989) pointed out that the managing committees of most of the primary agricultural credit societies play a passive role. The report added that where the members of the committee have played an active role not only in the management of the society

but also in maintaining contacts with the members, the results on all counts have been most encouraging. An active managing committee should advise the members personally about the conduct of the business of the society, exercise supervision on the enduse of credit convince members of the need for timely recovery and motivate them in this regard'.

2.3 Cooperative democracy and efficiency

Bhalerao and Srivastava (1966) identified a factor which is detrimental to the democratic elements of cooperatives followed in service cooperatives in Ballia that was the irregularity of General Body and Executive Body meetings. A personal enquiry with the member revealed that the quorum was usually not full but was shown so by taking signatures of absent members. The meeting were mostly dominated by a few influential members.

Krishnaswami and Ganesan (1969) found that members who are most satisfied with the agricultural credit cooperatives are the ones that belong to high castes possess high formal education engaged in agriculture possessed high economic status were members for a long period lived in shorter distance from the society possessed high cooperative

knowledge participated more actively in the business of the societies, attended more general body meetings and participated in discussion in them. All these variables centre round one main factor, viz , economic status.

Dinesh (1970) observed that socio-political forces influenced the operations of cooperative institutions than the principles and ideology of cooperation. The study further revealed the following aspects Caste and income were the two major determinants of leadership structure the democratic principles adopted by the cooperatives had been responsible for sacrificing professional and technical efficiency. An effective functional relationship between the leaders and managers is the most essential requisite of efficient management of a cooperative institution. The study also revealed that the present arrangement of the cooperative department to guide and supervise the working of the cooperative institutions was quite unsatisfactory.

Mehta and Bhatia (1972) observed that leadership in cooperatives were of diffused nature than specific. The Presidents of all the cooperative societies studied were also the members of their respective village panchayats and were also recognised leaders of their castes. The majority of

leaders of cooperative societies are senior in age have higher caste status as well as higher economic status in terms of landholdings and occupation but majority of the leaders were either illiterate or just literate.

Mahipal and Rai (1976) found that knowledge attitude interest, cooperation and training needs were the significant psychological characteristics of the leaders of the multi-purpose cooperative societies for efficient working of cooperatives

Kutumba Rao (1976) observed that socio-political factors influence the leadership more than the principles and ideology of cooperation The study further revealed that the leadership in sample societies lack dedication initiative, drive and competitive spirit. The leaders took their work in cooperatives as complementary to their other social and economic activities perhaps to build up and strengthen a power group in the locality for achieving social or political status. Factors like age and educational status have no weight in determining the leadership

Patel et al (1977) observed that the success of a cooperative credit society does not merely depend much upon its physical resources and indices such as membership share

capital, profit etc but more so upon active participation of its members

Reddy and Reddy (1977) identified the following reasons for the success of Mulkanoor Cooperative Rural Bank. They are Efficient and dynamic leadership active involvement of members lack of party-bias quick and needy delivery of credit and necessary inputs extension of its activities on non-credit lines balanced distribution of medium and short-term loans which increased the repaying capacity of farmers and low level of overdues

Rao and Shanmugasundaram (1980) measured the democratic participation of members of a weavers' cooperative society using democratic participation scale in which the member s attendance in general body meetings his participation in the discussions thereat his voting in the election to the board were the scores The study revealed that only 30 per cent of the sample members were above average and the rest 70 per cent below average The study further revealed that stake in the society tenure of membership socio-economic status of members knowledge of cooperation of the members and democratic participation had a significant positive correlation and utilization of the society.

Baviskar (1981) opined that active member interest and participation by members in the affairs of the society, including its meetings and elections, and effective decision making by the freely elected representatives of the members are important criteria to judge a cooperative as successful

Committee to Review Arrangements for Institutional Credit for Agriculture and Rural Development (CRAFICARD 1981) stated that the successful operations of a cooperative society and the quality of its management ultimately depend on the alertness of its members and the pressure they exert on the committee of management to perform efficiently. This, in turn calls for the awareness amongst members of their rights and obligations and the responsiveness and competence of the managing committee

The studies conducted by Mathur and Gupta on management in Cooperative Rice Mills and by Ranade et al (1982) on Groundnut Marketing revealed that business efficiency is affected by the low quality of management.

Kutumba Rao (1982) observed that a central cooperative bank with democratic management is not inferior to a central bank with a nominated board in terms of business efficiency

Shanmugasundaram and Kamalaveni (1983) observed that period of membership alone promotes utilization whereas, income shareholding value of cultivable land distance of the residence knowledge of own society, member satisfaction and democratic participation affect utilization They also identified that age cooperative education knowledge of cooperation and member identification had no influence on utilization.

Satchidanand Shirodkar (1984) stated that it is not the cooperative and democratic character of the cooperatives that proves a hurdle to efficiency but the undesirable tendency to carry democratic control too far and neglect and ignore basic disciplines and democracy.

Nadkarni (1984) opined that the criteria of efficiency of a cooperative enterprise would be improvement in the quality and terms of service to members increase in the turnover by way of the services to members tapping of the potential for its growth through extension of its membership and services effective participation in the federal structure and its operations building up links with other cooperatives whenever there is scope

Parthasarathy and Mohan Rao (1984) opined that from the evidence available to us on democratic management and cooperatives from Amul as well as Maharashtra sugar Co-operatives it could be suggested that cooperative democracy is adapting itself to the scale and forms of business by accepting professionalisation and also by recognising the need for separation of the functions of the paid executive and the elected board. If such an inference is plausible the inefficiencies observed in cooperatives should be attributed to other factors which need to be carefully identified.

Mohanan (1986) in an attempt to analyse and contrast case studies of two primaries one successful and another unsuccessful both stemming from similar socio economic-cultural background revealed the following reasons for the successful model Committed and continued leadership at the top level Effective participation of members Sound business practices Dedicated and efficient staff Integrated and efficient services to members Need based programmes Vertical integration of activities and Creation of 'we feeling and enlightenment among members through cooperative education

Kanwar Prakash et al (1986) opined that popular but politically free and dynamic leadership in societies shall remain the essential condition for making them viable

Shanmugasundaram and Benjamin Christopher (1986) observed that distance between the residence of the members and the supermarket and satisfaction derived from the society along with other factors affect utilization. An interesting aspect in the study is that period of membership and utilization is inversely related i.e members with less period tend to utilize more as compared to those who have longer period of membership

A number of case studies conducted in the states of Maharashtra and Bihar have attributed poor member participation to the following factors Lack of awareness about the cooperatives and the development efforts outdated method of propaganda and extension, and, structural and size constraint as also the principle of take what is available rather than with the approach 'take what you need'.

COOPERATIVE DEMOCRACY AND COOPERATIVE MANAGEMENT

CHAPTER III

COOPERATIVE DEMOCRACY AND MANAGEMENT OF COOPERATIVES

Historically, the initiative for starting cooperative movement had been taken in different countries either by the people themselves or by the government. In advanced countries cooperation was launched as a result of people's felt-need initiative understanding and efforts coupled with their determination and resolve to protect themselves against exploiting forces. Government had practically no role. As against this in most of the developing countries, the movement had been sponsored by the governments as an administrative measure—people having no or little perception and understanding of the concept as such.

In India the cooperative legislation had its birth with the enactment of the Cooperative Credit Societies Act of 1904 which was largely based on the English Friendly Societies Act 1896. The 1904 Act was restricted in its scope that it permitted registration of primary credit societies alone and left non-credit and federal organisations of primary cooperative credit societies out of its purview. This lacuna was removed by the Cooperative Societies Act 1912. Later in 1919 cooperation was transferred from the central list to the state

list as per the Montague Chelmsford Constitutional Reforms. In states where the cooperative movement had made considerable progress found that the provisions in 1912 Act were inadequate to meet its requirements. Bombay being the pioneer in this regard and passed a new Act viz., the Bombay Cooperative Societies Act 1925. This was followed by Madras, Bihar Orissa and Bengal which passed their own Acts in 1932 1935 and 1940 respectively.

In India every state has its own Cooperative Societies Act to facilitate the formation of cooperatives according to local requirements. Cooperatives are registered under the Cooperative Societies Act. The Government has also framed Rules under the Act to carry out the purpose of the Act. A society registered under the Act has its own byelaws which contain its constitution and the rules or regulations for its internal administration. The Act is administered by the Registrar of Cooperative Societies appointed by the Government.

Prior to the re-organisation of the states on linguistic basis in 1956 the erstwhile states in Kerala were the Cochin the Travancore and the Malabar region In the Cochin State the Cochin Cooperative Societies Act 1913 in the Travancore state the Travancore Cooperative Societies Act 1914

and in the Malabar region being under the reign of the Madras Presidency, the Madras Cooperative Societies Act 1932 were the respective cooperative legislations in force. Later on 1st July 1949 the Travancore and Cochin States were amalgamated to form Travancore-Cochin State and the Travancore-Cochin Cooperative Societies Act 1952 was passed for the new state whereas the Malabar region was still under the Madras Cooperative Societies Act, 1932. Till the enactment of the Kerala Cooperative Societies Act, 1969 these legislations were in force in the State of Kerala.

In Kerala the cooperative movement had made rapid strides in all walks of life - Credit, Dairy Marketing Consumer Fisheries Processing Industrial Housing etc are some of the fields to mention. The performance of credit cooperatives in Kerala is far ahead of other states in India. Kerala ranks first in respect of Average share capital Average deposits and Average loans per society. During the year 1985-'86 the average share capital average deposits and average loans per primary agricultural credit society in Kerala is Rs 5.59 lakh, Rs.20.69 lakh and Rs 33.22 lakh respectively as against the All India average of Rs 1.22 lakh and Rs 0.62 lakh for average share capital and average deposits respectively. Taking other variables such as borrowing members

as percentage to total and overdues as percentage to demand, Kerala ranks second behind Punjab with 48.67 per cent and 24.66 per cent respectively during 1985-'86. The corresponding figures for All India level is 27.26 per cent and 40.96 per cent. Though the primary agricultural credit societies in Kerala shows a uniqueness in all these aspects their performance in terms of net result is not satisfactory. It has been observed that the number of loss incurring societies are increasing during these years. The percentage of profit making societies to total are 51.9 per cent in 1985-86 against the All India figure of 56.5 per cent (Agricultural Credit Review Committee, 1989). Can this be attributed to managerial inefficiency? If No what are the contributing factors? A satisfactory answer for this is yet to be arrived at. Cooperatives are organisations managed on democratic lines hence a synoptical view of cooperative democracy and the structure of cooperative government will be noteworthy.

3.1 Democracy in Cooperatives

The term 'democracy' is used in several different senses

- (1) In its original meaning it is a form of government where the rights to make political decisions is exercised

directly by the whole body of citizens acting under procedures of majority rule. This is usually known as direct democracy.

- (ii) It is a form of government where the citizens exercise the same right not in person but through representatives chosen by and responsible to them. This is known as a representative democracy.
- (iii) It is a form of government usually a representative democracy where the powers of the majority are exercised within a framework of constitutional restraints designed to guarantee the majority in the enjoyment of certain individual or collective rights such as freedom of speech and religion. This is known as liberal or constitutional democracy.
- (iv) Finally the word democracy is often used to characterise any political or social system which regardless of whether or not the form of government is democratic in any of the first three senses, tends to minimise social and economic differences especially differences arising out of the unequal distribution of private property. This is known as social or economic democracy.

Cooperation is an economic democracy. Every member is equal to every other member and every member is the owner of the cooperative enterprise. This is the fundamental idea of cooperative democracy'. (Dubhashi 1970).

Asnanmi Hassan, classified democratic aspects in cooperative movement as

- (i) Social democracy The freedom and liberty of the individual members to deal with their counterparts as equals. They should be able to satisfy their social needs collectively.
- (ii) Economic democracy Undertake simple economic functions in the rural areas which could cater to the needs of the rural populace.
- (iii) Political democracy Operating a cooperative institution on democratic lines This is possible only when the members participate in the affairs of their cooperatives socially, economically and democratically.

Democracy is essentially a political concept. But cooperative democracies are different from political democracies. As stated by Weeraman Cooperative democracies are homogeneous. They are homogeneous not absolutely but in relation to the function or functions assumed by the common

undertaking A direct relationship subsists between the objects of the common undertaking and the common needs of the members which the common undertaking has to satisfy There may be differences among the members, but they arise only in the search for the solutions best adapted to the ends pursued". Thus cooperative democracies are different from political democracies.

The role of democracy in cooperatives have been rightly pointed out by different personalities Democracy is the very essence of cooperation says Roger Kerinec of France and Nils Thedin of Sweden Klimov of the erstwhile USSR opined that if this essence ceases to exist cooperation dies or is degenerated This is not only my idea it is shared by all the cooperators Democracy is the principle which best distinguished cooperatives from any other economic and social system and that at the same time this principle offers the greatest hope for the future Lambert of Belgium (Quoted by Deshmukh) The resolution of the 23rd Congress of the ICA held in 1966 states the principle relating to democracy in the following words Cooperative societies are democratic organisations. Their affairs should be administered by persons elected or appointed in a manner agreed by the

members and accountable to them. Members of primary societies should enjoy equal rights of voting (one member, one vote) and participation in decisions affecting their societies. In other than primary societies, the administration should be conducted on a democratic basis in a suitable form. Nadkarni (1979) opined that Though democratic control is considered to be the ideological element in cooperation it can be seen to be the logical arrangement to secure the objective with which cooperatives are organised. Whereas, Marvin A. Charrs finds democratic control as 'a way to keep the organisation at all times in the hands of member patrons and to have the organisation oriented continually to serve its patron owners.

The aim of the common undertaking is to satisfy the needs of the members. It follows that the source and exercise of power in respect of the common undertaking must lie with those whose needs gave birth to the undertaking. This can be ensured by self-government, i.e. democracy. Thus democracy is the cardinal principle of cooperation.

3.2 Structure of Cooperative Government

The cooperative banking structure is pyramidal or federal in character. At the grass-root level there are the primary agricultural credit societies upon which the whole

edifice of cooperative credit is based. These societies are federated to form the District Cooperative Banks, and these Banks are in turn federated to form the State Cooperative Bank which is the leader of the cooperative movement in the state. Primary agricultural credit societies are the kernel of the cooperative movement and form the foundation of the credit structure. These societies are the basic associations of individual persons, and aim at improving their conditions by satisfying their credit and associated needs as primary producers

The management process is a necessary feature of all organised activities. Although the purpose of organisations differ, the management process remains constant. In its simplest sense management is the process of achieving objectives through people and through the use of other resources. The most important aspect of cooperative management is its democratic character which shapes and moulds the functioning of planning policy-making decision-making and implementation machineries at all levels

The management of cooperatives are vested with two organs - the General Body and the Board of Directors elected by the members

3 2.1 General Body

The general body of members is the supreme and ultimate authority in every cooperative organisation. The general body has to meet normally once a year and take policy decisions on matters like review of previous year's report approval of budget and future plan of action election of office bearers and other constitutional and organisational matters like adoption and amendment of bye-laws, disposal of the net profit if any consideration of any complaint which any individual member may prefer against the committee etc General body meeting is an opportunity for the member-patron of the cooperative to evaluate the performance of their cooperative as well as the elected representatives Democracy being the cardinal principle of cooperation the general body meeting which is the gathering of the members of the society has the most important and the most significant place in the working of a cooperative society Not to have effective general body meeting is the negation of cooperative democracy (Dubhashi 1970)

3.2 2 Board of Directors

Democracy means self-government But as the cooperative grows both in membership and activities undertaken the process

of direct democracy is not feasible or becomes unpracticable This paved way for 'representative' or 'indirect democracy' The members elect their representatives and it is the responsibility of these representatives to carry on the administration of the cooperative The committee derives its powers from the general body. It cannot exercise any powers except those prescribed in the bye-laws of the society It acts as a body It is ultimately responsible to the general body for all its actions It discharges its duty by committee meeting convened monthly or twice in a month or often. The decisions are made on the basis of majority rule. Each member has only one vote The Board elects from among themselves a President who chairs the Board meetings and the general body meetings The term of office of the Board and the number of members on the Board is prescribed in the bye-laws of the society The Board exercises control over the executive organ. This is the organ through which the Board executes its policy and other day-to-day decisions This organ is headed by the Secretary who acts on behalf of the Board in the executive administration of the society

Thus cooperatives are democratic organisations where members exercise control over the management on the basis of one member one vote' The Board is responsible to the

members The Board in turn exercises control over the executive body consisting of the Secretary and paid executives This two stage democratic control is not an automatic device, it operates only when members and the Board want it to do so At the same time the problem whether organisational efficiency is compatible with democracy is yet to be solved So a study will throw much light on how cooperative democracy works in actual practice and will help to understand whether any relationship exists between democratic management and economic performance.

MATERIALS AND METHODS

CHAPTER IV

MATERIALS AND METHODS

This chapter presents the materials and methods adopted for data collection and analysis under the following sections

1. Location of the study
2. Sampling procedure
3. Analytical tools and techniques
4. Operational definition of concepts

4.1 Location of the study

The Trichur district was identified as the study area due to proximity. The reference period for study is from 1979-'80 to 1988-'89.

4.2 Sampling procedure

The sampling procedures adopted for the selection of societies, members, committee members and the employees are discussed separately.

4.2.1 Selection of societies

As the purpose of the study is not to build up any estimate but to understand the key factors affecting democratic

values and organisational efficiency and the relation between economic performance and democratic management as well as to study the member behaviour and their relationship with the managing committee it was not found necessary to select a fixed percentage sample of societies in the district. The date of registration is one of the criteria for the selection of societies. The list of ordinary primary agricultural credit societies registered in Trichur district between the period 1969 and 1979 was collected because these societies were registered under the Kerala Cooperative Societies Act 1969. Hence these societies will have similar ethos and a uniformity in their codes of conduct. Prior to 1969, societies were registered under different legislations.

As per the information collected from the office of the Joint Registrar of Cooperative Societies Trichur there are nine ordinary primary agricultural credit societies registered between the period 1969 and 1979 (Appendix I). The year 1979 is taken as the upper limit because a period of ten years from 1979-'80 to 1988-'89 is selected as the reference period.

Taking the average membership and average volume of business as the criteria for the selection of the societies

the yearwise information regarding the membership and the volume of business (Outstanding balances of deposits borrowings and loans) of the nine societies were collected from the audit reports of the respective societies for the period 1979-80 to 1988-89 (Appendix II & III) Then the average membership (\bar{X}) of each society for the reference period was worked out All the nine societies were arranged in descending order of average membership (\bar{X}). Taking the average of average membership of the societies ($\bar{\bar{X}}$) as the cut-off mark four societies two falling above this average and two falling below this average were listed The Nattika Service Cooperative Bank registered on 7.6.1969 in the Chavakkad taluk had the highest average membership of 4140 and the Kallamkundu Service Cooperative Bank registered on 20 3 1971 in the Mukundapuram taluk had the lowest average of 2650 in the upper strata. In the lower strata the Edathiruthy Kissan Service Cooperative Bank registered on 2 5.1970 in the Kodungallur taluk had the highest average membership of 2231, and the Kechery Service Cooperative Bank registered on 27 6 1969 in Thalappilly taluk had the lowest average membership of 1450 (Appendix IV)

Following the same procedure the volume of business of the nine societies was worked out from which four

societies were listed. The Kechery Service Cooperative Bank had the highest average volume of business of Rs.59.42 lakh and the Kallamkunnu Service Cooperative Bank had the lowest average of Rs.34.49 lakh in the upper strata. In the lower strata, the Nattika Cooperative Bank had the highest average of Rs.30.01 lakh and the Iranikulam Thirumulkulam Service Cooperative Bank had the lowest average volume of business of Rs.11.92 lakh (Appendix IV).

Three service cooperative banks viz. The Kerchery Kallamkunnu and Nattika which were found common in both categories, were finally selected.

4.2.2 Selection of members

For the selection of members, the total members of the sample societies were classified as borrowing and non-borrowing on the basis of information collected from loan ledgers for the reference period. Twenty borrowing members and fifteen non-borrowing members constituting a total of thirty five members were selected at random from each society. Thus the total sample size of members for the three sample societies was 105.

4.2.3 Selection of Board Members

All members of the boards of management of the sample societies totalling twenty six were interviewed for the study

4.2.4 Selection of employees

All the paid employees except the attenders and store keepers of the sample societies totalling twenty were interviewed for the study

4.3 Analytical tools and techniques

The study is an empirical research based on survey method. Data for the study were collected from the members board of directors and paid employees of the societies with the help of a pre tested structured schedule (Appendix V). Draft schedules were presented to a few researchers for a critical review with regard to working format sequence, etc and incorporating their suggestions the schedules were modified and tested in a pilot study in a society. Secondary data were collected from the audit reports minutes books of the meeting of board of directors and the general body as well as from the various ledgers maintained by the societies

The objectives of the study is to identify the key factors affecting democratic values and organisational efficiency to study the relation between democratic management and economic performance and to study the member behaviour for which most of the variables are qualitative in nature and hence are to be quantified for the purpose of measurement.

The key factors of democratic values were studied by taking democratic participation as dependent variable. The independent variables considered for the study were age, formal education, occupation, social participation, economic status, share holdings, period of membership, distance from residence to the society, nature of membership, knowledge of co-operation, member identification, knowledge of structure and working of own society, business participation and member satisfaction. Of the above variables, the first nine were categorised and scores were assigned to each category (Chapin's scale). For the other variables, questions were framed for each factor to be tested, and scores were assigned to each question (Arbitrary method of scoring was used following the technique of summated ratings). Members were classified into different categories on the basis of scores obtained for the questions of each group. Further, the average democratic participation scores of the members of each

category were worked out by dividing the total participation scores of that category with the number of members in the respective category. Using one way classification technique the significance of the difference in the average democratic participation scores between the different categories of members was examined. To study the relationship between the dependent variable and the independent variables correlation technique was applied.

The organisational efficiency was studied both in qualitative and in quantitative terms. The qualitative variables such as leadership pattern, borrower satisfaction and job satisfaction of the employees were studied using scoring technique.

The quantitative variables such as membership coverage, resource structure, efficiency in mobilization and deployment of funds and business performance were studied with the help of simple statistical techniques based on ratios, percentages and median. In the absence of any standard criterion for comparison, expected standard (norm) was worked out for each ratio using the following method. First of all the performance of the sample societies was examined with the help of selected financial ratios. Then the median of each financial

ratio for each society was ascertained and the median of median ratios was finally selected as the standard (norm) This was the method suggested by Mood (1950) Brown and Mood (1951) and Mosses (1952)

To examine the relationship between the key factors of democratic management and economic performance previous methodologies are rarely available Hence the following methodology is proposed (thumb rule) Nature of membership, participation in business, knowledge of cooperation knowledge of structure and working of own society member identification and member satisfaction were selected as key factors of democratic management. To ascertain a single value to study the relationship indices of these selected factors were worked out using the following method On the basis of the scoring technique discussed earlier the score obtained for each factor was ascertained (Appendix VI) This score was divided by the maximum obtainable score for each factor and was multiplied by 100 The variables selected to study the economic performance were credit to working capital ratio deposit to working capital ratio borrowings to working capital ratio average cost of funds mobilized average return on funds employed and cost of management to total income Taking the norm (discussed earlier) as the yardstick the number of years

in which the societies satisfy the prescribed norms for each ratio were ascertained and their respective indices were computed using the following formula

$$\bar{X} = \frac{\sum W_i n_i}{X} \times 100$$

(Kerlinger 1970)

Where

w_i = corresponding weight for the year

n_i = number of years over and above the median year

X = Maximum attainable score

The years were assigned weights 1 to 5 respectively for years over and above the median year

To study the members behaviour and their relationship with managing committee the general behaviour and response of members regarding participation in decision-making participation in business their interest in the affairs of the society and their interaction with board members etc were studied using percentages

4 4 Operational definition of concepts

The operational definition of some of the important terms and concepts used in the study are given below

4 4 1 Key factors

The term 'key factors' refers to the elements contributing the most in bringing about a given result

4 4.2 Democratic values

The term democratic values used in this study refers to the control exercised by members over the Board on the basis of equality where every member is equal to every other member and every member is the owner of the cooperative

4.4.3 Organizational efficiency

The term organizational efficiency refers to the competence of the society to discharge its obligations both in qualitative and in quantitative terms.

4 4 4 Economic performance

The term economic performance refers to the ability of the society measured in terms of credit deployment savings mobilization and resource structure

4 4 5 Non-voluntary membership

The members who joined their society not voluntarily but by the influence of other factors is referred as non-voluntary membership

4 4 6 Abbreviations used

- (i) BM - Borrowing Members
- (ii) NBM - Non Borrowing Members
- (iii) MCM - Managing Committee Members
- (iv) KEC - Kechery Service Cooperative Bank
- (v) NAT - Nattika Service Cooperative Bank
- (vi) KAL - Kallankunnu Service Cooperative Bank
- (vii) CAT - Category

RESULTS AND DISCUSSION

CHAPTER V

RESULTS AND DISCUSSION

This chapter is divided into four sections. The first section deals with the identification of the key factors affecting democratic values. The second section studies the organisational efficiency. The third section examines whether any relationship exists between the key factors of democratic management and economic performance. The last section studies the member behaviour and their relationship with the managing committee.

5.1 Democratic values

A cooperative is not a grouping of capital but an association of persons. The rule of one man one vote which is in accordance with the concept that all human beings are equal is its fundamental role in respect of all the social relations of the members within the association. Each cooperative association is therefore a democracy. The basic aim of a cooperative is to protect and promote the interest of its members without affecting their freedom and dignity (Krishnaswami 1976). What form of administration could assure this? Obviously administration by members themselves

ie democracy The principle of one man one vote does not sum up the substance of democratic management It only describes the mechanism of democratic management As stated by Stephenson, The vote simply indicates consent or dissent it does not show the variations in thinking or does not lead to a pooling of views and ideas Thus the member patrons must express their will and views freely and frankly on matters affecting organisation s working and management and there must be popular participation by the people without which democracy will become inoperative

In this section an attempt is made to study the extent of members participation in democratic process This participation was measured based on meeting attendance discussion in meetings preparation for participation voting in election to the managing committee etc

On the basis of attendance in three general body meetings the members were classified as regular participants casual and absent Only 16 per cent members of the three sample societies were regular participants Majority (70 per cent) attended casually whereas 13 per cent never attended the general body meeting Reasons for not attending the general body meetings were distance (3 per cent) lack of time

(71 per cent) illness (7 per cent) lack of interest (14 per cent) and out of station (5 per cent) The committee members had attended one or more general meetings but all did not attend all meetings Reasons for not attending were lack of time (51 per cent) out of station (36 per cent) and illness (13 per cent) But mere attendance at a meeting or voting does not ensure democratic control They should participate in the meetings and discuss things freely and frankly To know the extent of members participation, they were asked

Do you express your view in the General Body meeting? Only 22 per cent of the sample members of the three societies had spoken in the general body meeting. The level of members' participation in meetings is directly related to their level of knowledge of the working of their cooperative and its policies to be able to form a rational judgement upon them To know this members were asked whether they went through the audit reports and the budget presented to them before they attended the general body meeting Only 13 per cent of the members had ever gone through the audit reports and budget presented to them Only 5 per cent of the members visited the society to collect any information about the working of the society A member cannot be expected to actively and freely participate in the deliberations of the general body meeting unless there is ample opportunity hence the members

were asked Did you get enough opportunity and time to discuss your problems in the meeting? Only 7 per cent members responded that such opportunity was denied to them Participation in election to the managing committee is an opportunity for the members to express their consent or dissent in favour or against the existing Board It is also a measure of trust reposed on them by the members and an indirect method of participating in the decision making process of a cooperative Majority (71 per cent) of the members participated in the last election to the Board The response of the Board members of the three sample societies to the above questions was cent per cent favourable

Based on the response to the above questions the members were categorised as active members medium participants and non-active members

It is evident from table 5.1 that 72 per cent of the borrowing members and 82 per cent of the non-borrowing members were non-active members It is observed that when 85 per cent of the committee members were active members only 5 per cent of the ordinary members were active members

Thus it is observed that the extent of members participation was very meagre The study on the democratic

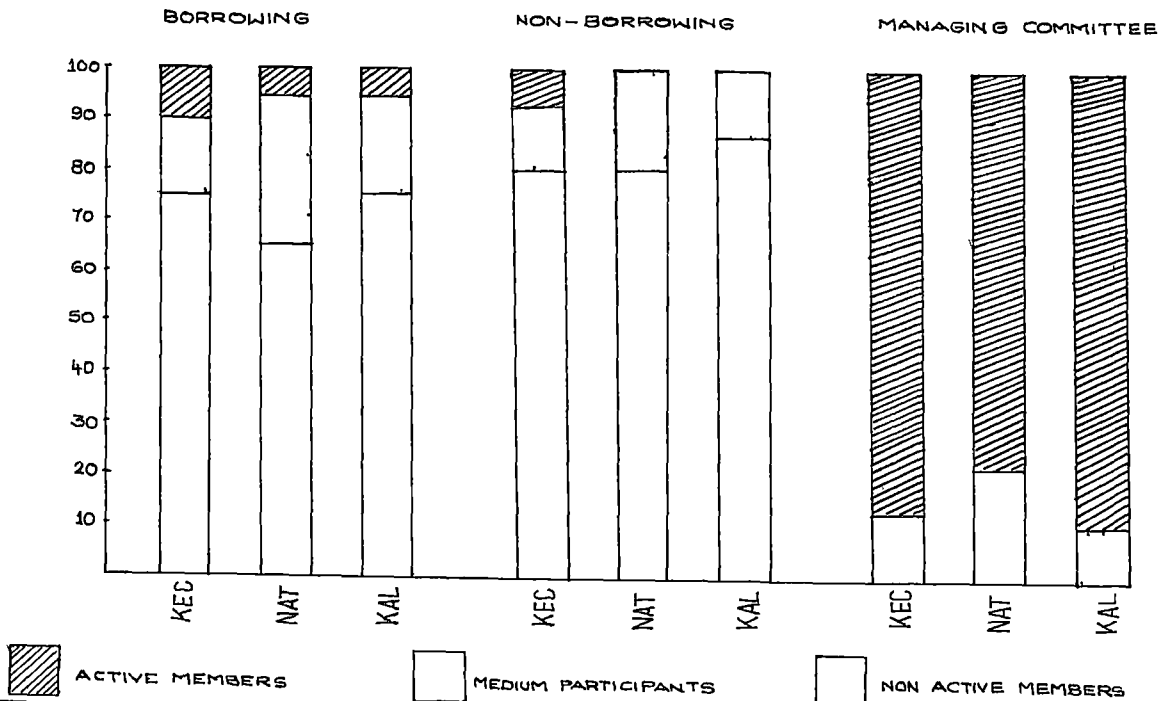
Table 5.1 Democratic participation of various categories of members

CAT	Non-active members						Medium participants						Active members					
	KEC		NAT		KAL		KEC		NAT		KAL		KEC		NAT		KAL	
	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y
BM	15	75	13	65	15	75	03	15	06	30	04	20	02	10	01	05	01	05
NBM	12	80	12	80	13	87	02	13	03	20	02	13	01	07	--	--	-	--
MCM	--	--	--	--	--	--	01	13	02	22	1	11	07	87	07	78	08	89

Note X denotes number of respondents

Y denotes percentage to total

Fig 51 DEMOCRATIC PARTICIPATION OF VARIOUS CATEGORIES OF MEMBERS



participation of members has shown that the reality of democratic practice in the agricultural credit societies depends upon a tiny majority of active members. Before studying the contributing factors to this phenomena, an attempt is made to examine the performance of the sample societies in convening annual general body meeting and the level of attendance in the meetings.

Attendance in the general body meeting

Notwithstanding the elaborate facade of indirect democracy the source of all democratic authority is the general body of members. The general body has to meet normally once a year. Absence of the members from the general body meeting is self-violation of this vital democratic right. The larger the attendance in the meetings the greater is the opportunity for the members to exercise control over the affairs.

Table 5.2 presents the years in which the general body meetings were convened and the extent of member participation. It is evident from the table that the Kechery and Nattika societies had convened only three meetings during the ten years period from 1979-80 to 1988-89 whereas the Kallamkunnu society had convened six meetings during this period. It is clear that none of the sample societies convene the general

body meeting as prescribed by the Act (Sec 29(1) of The Kerala Co-operative Societies Act, 1969). The Act prescribes that a general body meeting of a society shall be held once in a year. The attendance in the general body as a percentage to total ranges between 15.52 per cent and 39.34 per cent for the three societies. On an average the percentage of participation for the Kechery, Nattika and Kallamkunnu societies were 32.09, 16.92 and 18.88 respectively. This reveals the degree of member apathy in the sample societies. Member apathy is by no means a phenomenon peculiar to the co-operative movement but is also found in every movement, trade union, political parties etc. This is because movements are organised by enthusiasts and joined when they succeed by ordinary people who do not want to be bothered unless they see good reasons for taking trouble. (Krishnaswami 1976). Being a sponsored movement, the members lack the concept of membership and a quite a large number of persons join it only to use it and do not feel compelled to be loyal to it. The reason for not convening the general body meeting every year was the high expenses incurred for the meeting.

The various factors contributing to the aforementioned phenomena is studied in the following section.

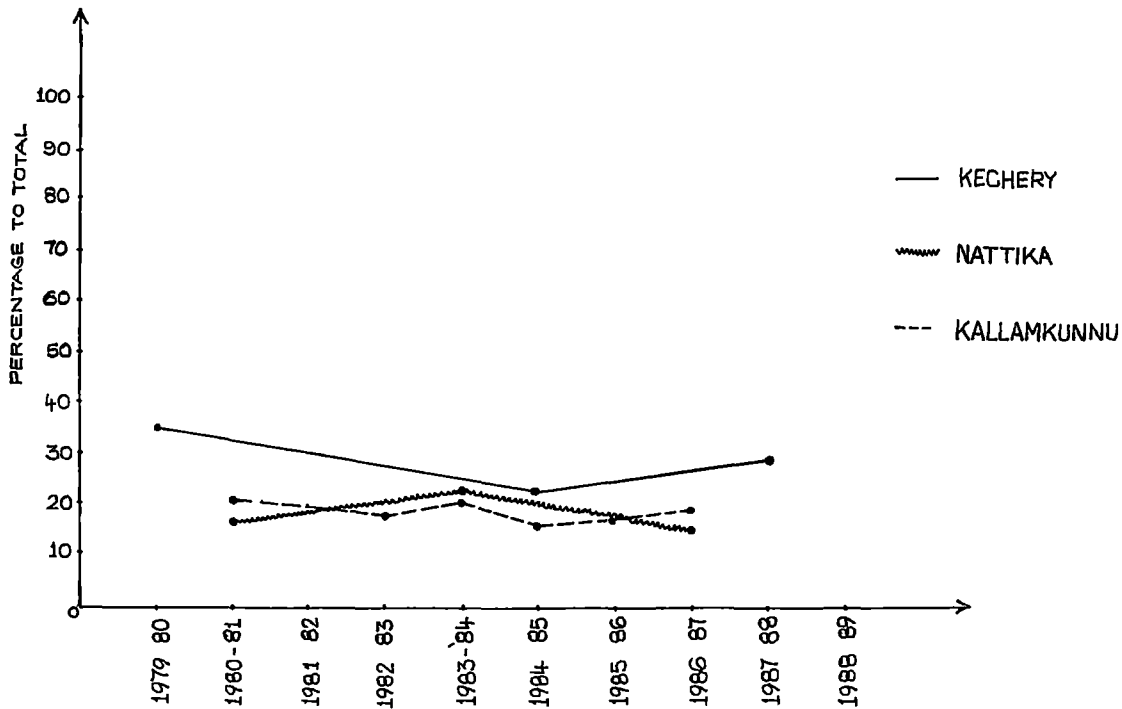
Table 5.2 Attendance in the General Body meetings

Year	Attendance in the meeting			Total membership			Percentage to total		
	Kechery	Nattika	Kallamkunnu	Kechery	Nattika	Kallamkunnu	Kechery	Nattika	Kallamkunnu
1979-'80	366	*	*	1061	1927	1680	34.49	--	--
1980-'81	*	423	369	1183	2458	1723	--	17.21	21.42
1981-'82	*	*	*	1334	2827	1903	--	--	--
1982-'83	*	*	411	1372	3128	2232	--	--	18.41
1983-'84	*	781	503	1391	4329	2452	--	18.04	20.51
1984-'85	323	*	434	1438	4686	2739	22.46	--	15.85
1985-'86	*	*	514	1470	4978	2955	--	--	17.39
1986-'87	*	844	628	1535	5437	3187	--	15.52	19.70
1987-'88	714	*	*	1815	5761	3779	29.34	--	--
1988-'89	*	*	*	1907	5873	4056	--	--	--

Note * Indicates General Body meeting not convened

Source Minutes Books

FIG 52 ATTENDANCE IN THE GENERAL BODY MEETINGS



5 1 1 Nature of membership

The first cooperative principle is of membership. The principle of membership requires that any person who can make an appropriate use of the services rendered by a cooperative society can and should be its member. Thus a person who joins his cooperative at his own will to avail of the services rendered by the society to satisfy his unfulfilled needs will have more involvement in the affairs of the cooperative. Hence it is expected that there is positive relation between voluntary membership and democratic participation.

An attempt is made to study whether there exists any relation between voluntary membership and democratic participation. The members were classified as voluntary membership and non-voluntary membership and their participation in the democratic process was studied.

Table 5.3 presents the participation scores of the two categories of members. It is evident from the table that the average democratic participation scores of members and committee members who joined their society voluntarily is higher than that of the members in the non-voluntary category. By applying one way classification technique the significance of the difference between the participation scores of the two

Table 5 3 Nature of membership and democratic participation

CAT	Voluntary						Non-voluntary						Total						
	KEC		NAT		KAL		KEC		NAT		KAL		KEC		NAT		KAL		
	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	
	-----		-----		-----		-----		-----		-----		-----		-----		-----		-----
BM	04	5 50	06	4 83	06	4.00	16	2 50	14	2.36	14	2.29	20	3.10	20	3.10	20	2.80	
NBM	03	4.00	02	5 00	06	3 16	12	2 58	13	2.92	09	2.78	15	2.87	15	3.20	15	2.93	
MCM	05	7 60	05	7.40	04	7 50	03	6 00	04	6 25	05	6.60	08	7.00	09	6.88	09	7.00	

Note X denotes number of respondents

Y denotes average democratic participation scores

categories viz. voluntary and non voluntary was examined, and was found to be significant. The correlation technique was applied to ascertain whether any relationship exists between voluntary membership and democratic participation. The correlation coefficient was significant at 5 per cent level (Correlation coefficient for all variables are given in Appendix VII).

Thus it can be concluded that there is a close relation between voluntary membership and democratic participation and that the democratic participation of the members who joined voluntarily is higher than that of the non-voluntary category.

5 1.2 Participation in business

A cooperative society is a business organisation wherein persons associate themselves not as contributors of capital but as persons having the same economic need. As stated by Calvert 'All who join the society must be loyal to it' as the success of the enterprise depends upon the loyalty which each one of the members works for the achievement of its objects (Weeraman, 1979). A cooperative exists not for its own sake but for rendering service to its members. So the members of a cooperative are expected to patronise it by

participation in its business. It is expected that members who participate more in the business of their cooperative also participate more actively in its government.

Business participation in the context of agricultural credit cooperatives is examined in relation to additional share capital contributed, depositing savings in the cooperatives, borrowing from them and using their supply services, participating in deposit mobilisation by persuading friends and relatives to deposit their surplus with the cooperative and finally by persuading prospective members to join the cooperative. On the basis of these measures, scores were assigned and business participation was graded into three categories: low, medium and high.

Table 5.4 presents the average democratic participation scores of the three categories of the members, viz. low, medium and high. It is evident that the average participation of the members of the three categories rises in the same ascending order. The significance of the difference in participation scores between the three categories of members, viz. low, medium and high, was examined using one way classification technique and was found to be significant. To examine whether any relationship exists between business participation and

Table 5.4 Business participation and democratic participation

CAT	Low						Medium						High						
	KEC		NAT		KAL		KEC		NAT		KAL		KEC		NAT		KAL		
	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	
	-----		-----		-----		-----		-----		-----		-----		-----		-----		-----
BM	02	2.00	02	1.00	02	2 00	09	2.89	08	3 00	07	2 57	09	3 56	10	3 60	11	3 09	
NBM	07	2.00	09	3 00	07	2 57	08	3.63	06	3.50	06	3 00	--	--	--	--	02	4 00	
MCM	--	--	--	--	--	--	01	4.00	06	6 80	03	6 33	07	7 43	03	7 00	06	7 33	

Note X denotes number of respondents
 Y denotes Average Democratic Participation Scores

democratic participation, the correlation test was applied. The correlation coefficient is significant at 5 per cent level.

Thus it can be concluded that a positive relationship exists between business participation and democratic participation and that democratic participation increases with an increase in the level of business participation.

5 1.3 Knowledge of cooperation

A man's judgement is no better than his knowledge. No person can judge the potentialities and superiority of cooperation without a knowledge and understanding of its principles (Eriman and Tinley). A report by Anderson and Sanderson based on three detailed studies of membership relations in agricultural cooperative organisations in New York state concluded that if any fact has been fully demonstrated in the history of the cooperative movement it is that only through a thorough understanding of the basic principles of cooperation and a consequent loyalty to the belief that they are essential for a better economic system can a cooperative association have a firm foundation for lasting success.

To assess the extent of members' knowledge of cooperation a number of questions were asked. The respondents were asked what was the purpose of cooperation. Only 32 per cent borrowing members and 31 per cent non-borrowing members gave complete answers. 93 per cent managing committee members responded correctly. 72 per cent borrowing members and 64 per cent non-borrowing members of the sample societies did not know who framed the byelaws. No one satisfactorily answered the question regarding the difference between cooperative enterprise and a private business. Only 20 per cent members and 90 per cent managing committee members gave three points of difference. Cent per cent committee members and only 20 per cent members responded correctly to the question Who decides distribution of surplus? The next question asked was In whom does the ultimate authority vest in a cooperative? 52 per cent members and cent per cent committee members gave correct answers. Eight per cent felt as President 13 per cent as Board and 22 per cent as Government. To the question regarding powers of general body, 18 per cent members did not know about the powers of general body. 40 per cent members stated one power and 36 per cent stated two powers. Majority of the members and cent per cent committee members responded correctly to the question regarding the eligibility

of persons to attend general body meeting. The response was same as above to the question "State the basis of determining the voting rights"? The last question to determine the extent of members knowledge asked was 'Who appoints the managing committee members and how ? Cent per cent members and committee members gave correct answers.

The knowledge of cooperation was measured by a scale based on the various questions discussed above. On the basis of scores obtained the members were categorised as low medium and high

It is evident from Table 5.5 that the average democratic participation scores of members with medium knowledge is higher than that of those with low knowledge and that of members with high knowledge is higher than the other two categories. The significance of the difference between the participation scores of the different categories of members was tested by using one way classification technique and was found to be significant. The correlation technique was applied to study whether any relationship exists between democratic participation and knowledge of principles of cooperation. The correlation coefficient was significant at 5 per cent level

Table 5.5 Cooperative knowledge and democratic participation

CAT	Low						Medium						High					
	KEC		NAT		KAL		KEC		NAT		KAL		KEC		NAT		KAI	
	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y
BM	10	2.10	09	2.11	10	2.10	04	3.25	05	3.00	05	2.40	06	4.67	06	4.67	05	4.60
NBM	09	2.00	05	3.00	04	2.75	03	3.33	07	3.00	04	2.75	03	5.00	03	4.00	07	3.14
MCM	--	--	--	--	--	--	--	--	--	--	--	--	08	7.00	09	6.89	09	7.00

Note X denotes number of respondents
 Y denotes Average Democratic Participation Scores

Thus it can be concluded that a positive relationship exists between knowledge of principles of cooperation and democratic participation and that democratic participation increases with an increase in the level of knowledge

5 1.4 Knowledge of the structure and working of one s own society

There can be no movement or it can survive for long with its beneficiaries being ignorant of its ideals philosophy objectives and substance Only when the members are familiar enough with their cooperatives and their functions so as to know and appreciate the relationship between the members and the cooperatives they will attend general meetings and be in a position to approve or disapprove the policies of their cooperatives in their own best interest and vote intelligently in the election of Directors (Irwin Rust 1965)

A number of questions were put to the sample members to determine the extent of their knowledge of their own societies Majority of the borrowing and non-borrowing members of the sample societies had no idea of what a byelaw is Only 43 per cent borrowing and 40 per cent non-borrowing members had an idea of a byelaw But in the two categories of members the number of members who have gone through the

bye laws of their society is meagre Only 8.33 per cent borrowing members and 20 per cent non borrowing members had read the bye-laws of their cooperative society whereas cent per cent of the committee members had read the bye-laws of their society Without reading the bye-laws how could they know about their own societies objects constitution and methods of operation? Eventhough all the committee members had gone through the bye-laws none of them were able to list out all the objects of their societies The members were asked to list out at least three objectives of their society to which only 27 per cent borrowing members and 22 per cent non borrowing members responded satisfactorily The objectives familiar to these members were accepting deposits supply of credit fertilizers and agricultural implements The respondents were asked to state the sources from which their society raised funds Majority of the members of the three societies could identify only two sources viz share capital and deposits Twelve per cent borrowing members and 31 per cent non-borrowing members had no idea of how their society raised funds The extent of members knowledge of their liability to the debts of their societies was appalling 57 per cent borrowing members and 69 per cent non-borrowing members were not aware of their liability towards the debts

of the society. At the same time 19 per cent borrowing members and 23 per cent non-borrowing members said that they had no liability for the debts of the society and the government was responsible for any debts. To the question how the surplus of the society is distributed only 23 per cent borrowing members and 18 per cent non-borrowing members responded correctly. All the committee members gave correct answers. Cent per cent borrowing and non-borrowing members and committee members responded correctly to the question regarding the system of election adopted for constituting the managing committee whereas 8 per cent borrowing members and 9 per cent non-borrowing members could not give correct answer to the question 'who manages the cooperative society?'. The last question asked to determine the extent of members knowledge of the structure and working of their societies was 'To whom is the managing committee liable?' the answer to which was appalling. Only 27 per cent borrowing members and 38 per cent non-borrowing gave correct answer whereas 33 per cent said that the committee was liable to the Government 10 per cent said that it was to the President and 27 per cent said that the committee had no liability. All the committee members responded correctly.

Table 5.6 Knowledge of own society and democratic participation

CAT	Low						Medium						High						
	KEC		NAT		KAL		KEC		NAT		KAL		KEC		NAT		KAL		
	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	
	-----		-----		-----		-----		-----		-----		-----		-----		-----		-----
BM	14	2.43	14	2.43	13	2.08	05	4.00	04	4.25	03	2.67	01	8.00	02	5.50	04	5.25	
NBM	10	2.10	07	3.00	06	2.83	03	4.00	06	2.83	02	2.50	02	5.00	02	5.00	07	3.14	
MCM	--	--	--	--	--	--	--	--	--	--	--	--	08	7.00	09	6.89	09	7.00	

Note X denotes number of respondents
 Y denotes Average Democratic Participation Scores

It is clear from the table 5 6 that a significant proportion of the members was not having a clear knowledge of the structure and working of their cooperatives. This may be attributed to non-provision of adequate information by the societies to their members. The societies do not distribute copies of the bye-laws to new members. None of the sample societies had a copy of their bye-laws amended up-to-date. They only have the copy of bye-laws printed at the time of registration of the society. The societies also never had any member relations programme. The little amount of knowledge possessed by the members was mainly acquired during the course of their business dealings with the societies and participation in the general body meetings and from the speeches of the candidates contesting to the Director Board election approaching them during the election campaign.

The members' knowledge of the structure and working of their own co-operatives were measured by a scale on the basis of the scores. The level of knowledge was graded at three levels viz. low, medium and high and their relation with the corresponding democratic participation scores were analysed (Table 5 6).

The average democratic participation scores of the three categories of members, viz., low, medium and high rise

in the ascending order. The significance of the difference of the average participation scores between the three categories of members was tested by one way classification technique and was found to be significant. To examine whether any relationship exists between democratic participation and knowledge of one's own society the correlation technique was applied. The correlation coefficient was significant at 5 per cent level.

Thus it can be concluded that democratic participation is positively related to the level of knowledge of one's own society and that the democratic participation increases with an increase in the level of knowledge of one's own society.

5.1.5 Member satisfaction

The New Webster's Dictionary defines satisfaction as the "act of satisfying or the state of being satisfied, fulfilment of desires, demands or needs. Satisfaction is an attitude. The extent of satisfaction is related to the rewards one receives both from organisational agents and from one self (Theodore 1981). Higher utilisation of services by the members implies higher satisfaction in their cooperatives. A study on members' satisfaction (Kandasami 1990) in Dairy cooperatives has revealed the same conclusion.

Another study by Ganesan (1969) on member satisfaction in the working of agricultural credit societies also supports the statement

Satisfaction being a feeling and highly subjective is difficult to measure. But some of the factors influencing members' satisfaction in their cooperatives are facilities for investment of surplus and returns, availability of credit and agricultural implements in time, the timing of repayment schedule, services of the paid executives, mode of conducting election etc. These factors serve as a means for measuring satisfaction. Scores were assigned to each question and the members were classified as low, medium and high satisfaction group on the basis of the scores obtained.

The members were asked: Does the society meet your entire credit and other requirements? Only 18 per cent borrowing members responded that the society provided credit and other requirements in time. All the committee members were satisfied with this aspect. 51 per cent borrowing members responded that the society did not provide credit and agricultural implements adequately and promptly. All the committee members were satisfied, whereas only 23 per cent non-borrowing members were satisfied in this respect.

43 per cent borrowing members and cent per cent committee members of the three sample societies were satisfied with the repayment schedule of the society. 65 per cent members were satisfied with the services of the paid executives. The members were asked 'Are you satisfied with the present procedure of conducting election?' 66 per cent members and cent per cent of committee members were satisfied whereas 26 per cent members were only partially satisfied. The members who are satisfied with their cooperatives may not favour liquidation of their cooperative. In order to assess this proposition, the last question asked was 'Do you favour liquidation of the society?' Only 7 per cent members favoured liquidation.

The members were classified as low, medium and high based on the response to the above questions. The average participation scores of low, medium and high satisfaction groups rises in the same ascending order (Table 5.7). The significance of the difference in the average participation scores between the different categories of members was tested by applying the one way classification technique and was found to be significant. To examine whether any relationship exists between democratic participation and member satisfaction the correlation technique was applied. The correlation coefficient is significant at 5 per cent level.

Table 5 7 Member satisfaction and democratic participation

CAT	Low						Medium						High					
	KEC		NAT		KAL		KEC		NAT		KAL		KEC		NAT		KAL	
	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y
BM	03	2.67	11	2.82	14	2.78	16	2.87	08	3.38	06	2.83	01	8.00	01	4.00	--	--
NBM	07	2.00	09	3.11	08	2.50	08	3.63	06	3.33	07	3.43	--	--	--	--	--	--
MCM	--	--	--	--	--	--	--	--	--	--	--	--	08	7.00	09	6.89	09	7.00

Note X denotes number of respondents
 Y denotes Average Democratic Participation Scores

Thus it can be inferred that a close positive relationship exists between democratic participation and member satisfaction and that the level of participation increases with an increase in the degree of satisfaction

5 1 6 Member identification

Cooperative action requires the identification of members with the cooperative i.e. the development of a 'we-feeling' and felt-need together with a will to cooperate and assume responsibility. The members should view cooperatives as their own organisations meant for bettering their own conditions. This consciousness coupled with we-feeling will make the members more vigilant and will strengthen their interest in the cooperative and will see that all possible ways are chalked out for leading their cooperative in the right path. This will naturally enhance their interest in the management and they will be prompted to participate actively in its government. Thus it is expected that member identification would promote member participation. It is very difficult to measure the 'we-feeling' among members but its manifestations are measurable. Accordingly a set of questions were put to the sample members to ascertain the extent of their identification with their own cooperatives.

Awareness of ownership of the cooperative is the foremost requisite for identification. To know whether the sample members possess such awareness they were asked: "To whom does your local cooperative belong?" 66 per cent members and cent per cent committee members gave correct answers. 28 per cent of the members said that the cooperative belonged to the government, two per cent said it is owned by the President and four per cent said that the Board were the owners.

The members who identify themselves with their cooperative will be interested in knowing the affairs of their society. Nearly 74 per cent of the members had an interest in knowing the affairs of their society, but none of them took pain to satisfy their interest. Devoted members will be vigilant in watching the utilisation of loans by their fellow members. To test this they were asked whether they used to watch the extent of utilisation of loans by fellow members. Only 5 per cent members used to do so. This 5 per cent was from the borrowing category. None of the non-borrowing members of the three sample societies did watch the utilisation of loans by his fellow members. But 92 per cent committee members used to do so.

The success of a credit society depends on the prompt repayment of loans by its borrower members. In order to know the members' reaction towards this obligation they were asked: "Do you think that it is necessary that members should repay their loans promptly?" 58 per cent ordinary members and 96 per cent committee members favoured this.

Members with high level of identification would be interested in inspecting the books and accounts of their society thereby discharging one of their powers. But only 2 per cent members had ever inspected any of the books and accounts and that too was done to check their own accounts and loans ledgers to rectify some mistakes.

Members who are inclined towards their cooperative will be interested in depositing their surplus with the cooperative thereby strengthening the financial/resource base of their organisation. 79 per cent ordinary members and 96 per cent committee members deposited their savings in their own cooperatives.

The members' interest in persuading their friends and relatives to become members in their cooperative was also examined. This can also be related to the level of member identification. Only 22 per cent members had this interest.

Whereas cent per cent committee members had this interest which may be among other things attributed to their interest in swelling their supporters with an eye on the elections to the managing committee

Based on scores the level of members identification was measured and the respondents were graded as low medium and high The relation between identification scores and the corresponding participation scores was studied The average participation of the high group was greater than the other two groups with the lower group average participation being the lowest (Table 5 8) Using one way classification technique the significance of the difference in the participation scores between the different categories of members were examined and was found to be significant To examine whether any relationship exists between democratic participation and member identification the correlation technique was applied The correlation coefficient is significant at 5 per cent level Thus it can be concluded that there is correlation between member identification and democratic participation and that democratic participation increases with an increase in the level of member identification

Table 5.8 Member identification and democratic participation

CAT	Low						Medium						High					
	KEC		NAT		KAL		KEC		NAT		KAL		KEC		NAT		KAL	
	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y

BM	12	2.25	11	2.27	12	2.17	07	3.86	08	3.75	07	3.29	01	8.00	01	7.00	01	7.00
NBM	08	1.88	07	3.00	04	2.75	07	4.00	08	3.38	10	2.80	--	--	--	--	01	5.00
MCM	--	--	--	--	--	--	--	--	--	--	--	--	08	7.00	09	6.89	09	7.00

Note X denotes number of respondents
 Y denotes Average Democratic Participation Scores

5 1.7 Education and democratic participation

Democracy calls for an educated membership As said by Eldin of the Swedish Cooperative College if we had to start our movement again at zero and had the choice between two alternatives start with no capital but with enlightened members and staff, or start with a great deal of capital and an in-informed membership we should be inclined to choose the former (Quoted by Weeraman 1979) The educational status of the ordinary members and the committee members of the three sample societies were classified into five categories Illiterate Primary, Upper-primary Secondary and Collegiate

It is clear from table 5.9 that the average participation tends to increase with an increase in the educational status. The significance of differences of average participation between the various education categories was tested by applying one way classification technique and was found to be significant. The correlation technique was applied to examine whether any relationship exists between democratic participation and the level of education The correlation coefficient was significant at 5 per cent level

Table 5.9 Educational status and democratic participation

CAT	Illiterate						Primary						Upper Primary						Secondary						Collegiate					
	KEC		NAT		KAL		KEC		NAT		KAL		KEC		NAT		KAL		KEC		NAT		KAL		KEC		NAT		KAL	
	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y
BM	07	1.86	06	2.00	07	1.71	03	2.67	03	2.33	04	2.25	05	3.20	02	2.66	05	2.80	04	4.25	03	4.00	04	4.00	01	8.00	04	4.60	03	5.67
NBM	05	1.40	05	1.60	05	1.80	04	2.75	04	2.10	02	2.50	01	3.00	01	3.00	02	3.00	03	4.00	02	3.50	02	4.00	02	5.00	02	5.00	04	4.50
MCM	--	--	--	--	--	--	--	--	--	--	03	6.33	04	6.25	03	6.67	02	7.00	03	7.33	05	6.80	02	7.50	01	8.00	01	9.00	02	7.50

Note: X denotes number of respondents
 Y denotes Average Democratic Participation Scores

Therefore it can be concluded that a positive relationship exists between democratic participation and educational status of members and that the democratic participation increases with an increase in the level of education of the members

5.1.8 Social participation

Social participation refers to participation in the various formal organisations such as caste bodies associate organisations in villages religious bodies cultural associations village panchayats etc. A research conducted in U.S A reveals that the same people participate actively in many groups. The busier they are the more effectively do they seem to take on new responsibilities (Adult Education Association 1956). So it was expected that members who were associated with other social organisations would be active in their cooperatives also

With the objective of testing this proposition the average participation in the democratic process for the members with social participation and without social participation were studied. Table 5.10 reveals that the average participation of the members associated with other organisations is higher than those without any social participation. The significance of

Table 5.10 Social participation and democratic participation

CAT	Yes						No					
	KEC		NAT		KAL		KEC		NAT		KAL	
	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y
	-----		-----		-----		-----		-----		-----	
BM	08	4 50	07	4 86	07	4.43	12	2 17	13	2.15	13	1.92
NBM	04	4 75	04	4.25	02	4.50	11	2.18	11	2.82	13	2.69
MCM	05	7.60	08	7 00	06	7.33	03	6 00	01	6.00	03	6.33

Note X denotes number of respondents

Y denotes Average Democratic Participation Scores

the difference between the participation scores of the two categories of members was tested by applying the one way classification technique as was found to be significant. The correlation technique was applied to examine whether any relationship exists between democratic participation and social participation. The correlation coefficient is significant at 5 per cent level.

Thus, it can be concluded that a positive relationship exists between democratic participation and social participation and that the democratic participation of members with social participation is higher than those without any social participation.

5.1 9 Age and democratic participation

An older member will have more practical experience than a younger member. By relating age with the period of membership, an older member with his longer period of membership is likely to be an active participant. It is also expected that an older member will get adequate leisure time to attend social affairs. A British Study on the government of retail societies concludes that the activists tended to be older members (Ostergaard and Halsey, 1965).

Table 5.11 Age and democratic participation

CAT	Young						Middle age						Old					
	KEC		NAT		KAL		KEC		NAT		KAL		KEC		NAT		KAL	
	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y
BM	07	4 14	05	4 00	04	4 25	13	2 54	11	2 82	13	2 46	--	--	04	2 75	03	2 33
NBM	04	1 78	03	3 33	06	2 83	09	2.56	08	3 25	08	3 00	02	2 00	04	3 00	01	3 00
MCM	--	--	01	8.00	--	-	05	7 00	02	7 00	04	7.25	03	7 00	06	6 67	05	6 80

Note X denotes number of respondents

Y denotes Average Democratic Participation Scores

Keeping in mind the above proposition members of the sample societies were classified into three categories Young Upto 30 years Middle aged 31-50 years and Old 51 years and above

It is evident from table 5 11 that the democratic participation by the younger age group had an edge over the middle aged and old age groups At the same time the middle aged group had an edge over old aged group The difference in the democratic participation scores between the different age groups was tested and was found to be insignificant To examine whether any relationship exists between democratic participation and age, the correlation technique was applied The correlation coefficient was significant at 5 per cent level for committee members whereas for the ordinary members it was not significant.

Therefore for the ordinary members it may be concluded that democratic participation is not related to the age but might be influenced by other factors whereas for the committee members this can be ascribed to the fact that being the leaders they participate in the decision making process irrespective of age

5 1.10 Occupation

Primary agricultural credit societies are organised with the objective of providing credit to farmers mobilising rural savings supplying agricultural implements marketing farm produce etc In this backdrop the members of agricultural credit cooperatives are classified as agriculturists agricultural labourers and non-agriculturists From the point of view of the objectives of a primary agricultural credit society participation of agriculturists and agricultural labourers in the democratic control of their society is expected to be greater than that of non-agriculturist members

It is clear from table 5.12 that only 46 per cent members and a few (19 per cent) of the committee members are agriculturists. As much as 26 per cent members were agricultural labourers Majority of the committee members (81 per cent) and 28 per cent members of the three sample societies are non-agriculturists. The analysis further revealed that the average participation of the agriculturist members has an edge over the agricultural labourers As against the normal expectation the average participation of the non-agriculturist members has an edge over the agriculturists and agricultural labourers The one way classification technique was

Table 5.12 Occupation and democratic participation

CAT	Agriculturists						Agricultural labourers						Non-agriculturists					
	KEC		NAT		KAL		KEC		NAT		KAI		KEC		NAT		KAL	
	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y
BM	09	4.00	10	3 10	12	2 17	05	2 20	03	2 00	03	2 00	06	2.50	07	3 57	05	4 80
NBM	07	3.28	07	3 14	03	3 00	05	1 80	06	2 83	05	2 80	03	3 60	02	4 50	07	3 00
MCM	01	7.00	02	7.50	02	7.00	--	--	--	--	--	--	07	7.00	07	6 71	07	7 00

Note X denotes number of respondents

Y denotes Average Democratic Participation Scores

applied to test the significance of the difference in the participation scores between the different categories of members and was found to be insignificant. The correlation technique was applied to examine whether any relationship exists between occupation and democratic participation. The correlation coefficient was not significant for the ordinary members whereas for the committee members it was significant at 5 per cent level.

Thus it can be concluded that there is no relationship between democratic participation and occupation even though the correlation coefficient is significant for the committee members. The committee being the decision making body the members of the committee participate in the democratic process irrespective of occupation.

5 1 11 Distance from society

The distance of a member's residence to the society may bear some relation to his participation in the general meeting convened by the society. A committed member may not consider distance as a hindrance for participation. Therefore it can also be considered as an indirect measure of commitment. In other words proximity and participation tend to have some relation. Based on the proposition that longer

the distance lower will be the extent of a member's participation in the government of his society an attempt was made to test this by classifying the members into three categories (Up to 1 km 1-1.5 km and above 1.5 km) and relating their average participation scores with the distance from their residence

Table 5.13 reveals that the average participation score does not tend to decline with an increase in the distance. However, there was slight variation in the average participation scores between the members of different categories. The significance of the difference in the participation scores between the members of the different categories was tested applying the one way classification technique but was found to be not significant. The correlation technique was applied to examine whether any relationship exists between democratic participation and distance from the residence of the members. The correlation coefficient is not significant for ordinary members whereas for the committee members it was significant at 5 per cent level. Still a generalization cannot be drawn on the basis of this result because committee is the decision making body of a cooperative.

Therefore it can be concluded that no relationship exists between distance from the residence of members to the society and democratic participation.

Table 5.13 Distance and democratic participation

CAT	Upto 1 km						1.1-1 50 km						1.51-2.00 km					
	KEC		NAT		KAL		KEC		NAT		KAL		KEC		NAT		KAL	
	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y

BM	07	3.00	08	2.20	03	4.67	07	2.86	07	3.71	09	1.78	06	3.50	05	3.80	08	3.25
NBM	04	2.50	08	3.13	02	2.50	08	3.30	04	3.50	06	3.17	03	2.67	03	3.00	07	2.85
MCM	05	6.80	06	6.50	04	7.00	02	7.50	02	7.50	04	7.00	01	7.00	01	8.00	01	7.00

Note X denotes number of respondents
 Y denotes Average Democratic Participation Scores

5.1 12 Period of membership

Period of membership is a correlate of member knowledge (Krishnaswami 1976) A member with a longer record of membership has greater opportunities to know about cooperation and the working of his own society and out of such enlightenment may identify himself with the society and so he evinces keen interest in its affairs. Therefore it is expected that period of membership would relate positively to participation.

For the purpose of study the period of membership of the members of the three sample societies was classified into four categories 1-5 years 6-10 years 11-15 years and above 15 years

Table 5.14 indicates that as against the proposition the participation of members did not increase with an increase in the period of membership. But, for the committee members the proposition that participation increases with increase in the period of membership holds good.

It is evident from the table that the participation scores of the different categories of members varies The significance of the difference in participation scores between the different categories of members was tested by applying the one way classification technique but was found to be insignificant. To examine whether an relationship exists between

Table 5 14 Period of membership and democratic participation

CAT	1-5 Years						6-10 Years					
	KEC		NAT		KAL		KEC		NAT		KAL	
	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y
EM	08	3 63	07	3 43	05	3 80	10	3 00	05	4 20	11	2 45
NBM	03	2 00	04	3 00	06	2 30	06	3 83	05	3 40	06	3 50
MCM		-	-		-	-	-	-			02	6 00

Note X denotes number of respondents
 Y denotes Average Democratic Participation Scores

	11 15 Years						Above 15 Years					
	KEC		NAT		KAL		KEC		NAT		KAL	
	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y
02	1 50	04	2 00	04	2 50	--	-	04	2 25	-		
05	2 00	05	3 20	02	3 00	01	4 00	01	3 00	01	3 00	
03	6 33	02	6 00	01	7 00	05	7 40	07	7 14	06	7 33	

democratic participation and period of membership the correlation technique was applied. The correlation coefficient was not significant for ordinary members whereas for the committee members it was significant at 5 per cent level. But a generalisation cannot be drawn on the basis of this result for which the reason has been discussed earlier.

Thus it can be inferred that no relationship exists between period of membership and democratic participation.

5.1.13 Shareholdings and participation

A cooperative society is both a human association and an economic enterprise. A cooperative enterprise is the association of men, not a collection of capital. The primacy is of man over capital and not capital over man. A share in a cooperative is only a certificate in token of contribution to capital of the society. But it is expected that the members who have a greater stake in the society will participate more actively in its democratic process. The members were classified into four categories based on their share holdings (Below 10 shares, 11 to 20 shares, 21 to 30 shares and above 30 shares).

Table 5.15 indicates that the average participation of members of the different categories did not increase with

Table 5 15. Members shareholdings and democratic participation

CAT	Upto 10 shares						11 20 shares						21-30 shares						Above 30 shares					
	KEC		NAT		KAL		KEC		NAT		KAL		KEC		NAT		KAL		KEC		NAT		KAL	
	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y
	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
BM	--		-	-	01	3 00	03	3 00	03	5 00	08	3 63	09	2 78	11	2 91	07	1 85	08	3 50	06	2 50	04	2 75
NBM	13	3 00	14	3 21	11	2 91	02	2 00	01	3 00	04	3 00	-	-	--	--	--	--	--	--	-		-	
MCM	01	7 00	02	7 00	--	--	04	6 75	01	7 00	03	7 00	03	7 33	03	6 33	04	4 75	-	--	02	7 50	03	7 67

Note X denotes number of respondents

Y denotes Average Democratic Participation Scores

the increase in the number of shares held by them. The democratic participation scores varies between different categories of members. To test the significance of the difference in participation scores between the different categories one way classification technique was applied but was found to be insignificant. To examine whether any relationship exists between democratic participation and shareholdings correlation technique was applied. The correlation coefficient was not significant for the ordinary members, whereas it was significant at 5 per cent level for committee members.

Since a generalisation cannot be drawn on the basis of the above result it can be concluded that there exists no relationship between members share holdings and participation

5.1.14 Economic status

Cooperatives are considered as associations of men of small means Fay views a cooperative society as An association for the purpose of joint trading originating among the weak and conducted always in an unselfish spirit on such terms that all who are prepared to assume the duties of membership may share in its rewards in proportion to the degree in which they make use of their association (Quoted by Umesh 1988). Thus, it is expected that members with lower economic

status tend to participate more in the government of their cooperatives because a primary agricultural credit society is more useful to this class of members

The members of the three sample societies were graded as low medium and high based on their land owning and annual income

The average democratic participation of the three categories of members was studied and was found that the participation of the members with low economic status was not higher than the other two classes. But the average participation scores of the low medium and high groups of members varied (Table 5.16). The significance of the difference in the participation scores between the different categories of members was examined using the one way classification technique and was found to be not significant. The correlation technique was applied to examine whether any relationship exists between democratic participation and economic status of the members. The correlation coefficient is not significant for the ordinary members whereas it was significant at 5 per cent level for the committee members. Still a generalisation cannot be drawn the reason for which has been discussed earlier.

Table 5.16 Economic status and democratic participation

CAT	Low						Medium						High						
	KEC		NAT		KAL		KEC		NAT		KAL		KEC		NAT		KAL		
	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	X	Y	
BM	08	3.25	08	3.13	08	4.00	04	2.25	02	4.00	04	3.25	08	3.38	10	2.90	08	2.86	
NBM	10	3.10	09	2.89	09	2.89	02	3.00	03	3.67	04	3.25	03	3.00	03	3.67	02	2.50	
MCM	--	--	02	7.00	--	--	03	7.00	02	8.00	01	8.00	05	7.00	05	6.40	08	6.88	

Note X denotes number of respondents
 Y denotes Average Democratic Participation Scores



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Thus it can be concluded that there is no relationship between democratic participation and economic status of the members

In this section the extent of participation of members of primary agricultural credit societies in the democratic process and the relation between various personal, cultural and socio-economic factors and democratic participation have been studied to identify the key factors affecting democratic values. The extent of member participation in democratic process was very low. Only 4.76 per cent of members actively participated in the general body meeting. To identify the factors contributing to this phenomenon fourteen variables were studied. The findings lead to the conclusion that members' business participation, members' identification, member satisfaction, members' knowledge of cooperation, knowledge of one's own society, social participation, nature of membership and education level of members are the key factors affecting democratic participation.

5.2 Organisational efficiency

The primary agricultural credit society has two ideologies viz. the institutional ideology emanating from the fact that they constitute an organisation of the members

by the members and for the members especially small farmers and the enterprise ideology originating from the nature of their operations. The efficiency of these institutions depends largely on the proper management and realization of these two ideologies.

According to Faquet the efficiency of a cooperative organisation is measured by the quality and cost of service rendered by the society. Dulfer regards the question of efficiency as a question of targets and operational objectives to be attained by cooperatives where targets and operational objectives are determined by the members of the cooperative organisation. The test of efficiency in a cooperative organisation according to Puri depends upon the extent of member participation in management, the degree of help rendered to the weaker sections, adoption of socially desirable practices in dealing with employees and non members and active willingness to extend membership.

Broadly speaking the primary agricultural credit societies can be said to have two sets of objectives (a) the objectives of the organisation, and (b) objectives for the organisation. The former implies the organisational capability of these institutions in the provision of various services

whereas the latter relates to its aims based on the ideas feelings and opinion of members committee members and staff In other words the determinants of efficiency in the primary agricultural credit societies can be grouped as qualitative and quantitative

Organisational efficiency in qualitative terms is studied based on leadership pattern borrower satisfaction and job satisfaction of employees whereas organisational efficiency in quantitative terms is studied in relation to membership coverage resource structure credit deployment and business performance

5 2 1 Organisational efficiency in qualitative terms

5 2 1 1 Leadership pattern

Leadership is a pre-requisite of democracy and so of any movement irrespective of its field - cultural social political or economic Without leadership neither concepts can be thought of because both - democracy and movement are shaped nursed and nurtured by it (Dwivedi 1982) Cooperative leadership should emerge from among the individual members of the primary cooperatives who actually make constant and not casual use of the services of their cooperative undertake

transactions with it and contribute towards its business turnover and shoulder the liabilities. But in actual practice it is not the actual users of the services of the cooperative i.e. active members who participate in the election of their leaders and contest to the elective offices but also the non-users. Cooperatives are seldom used as an instrument to involve the dedicated and devoted persons or to build leadership. Instead it is a fertile land for adjusting certain persons or coopting persons who have lost the ground in the process of elections.

In this backdrop an attempt is made to analyse the leadership pattern in the three sample societies. It is studied in relation to the socio-economic status, social participation, business participation, democratic participation and the contributing factors to gain the present status.

1. Socio-economic status

The analysis of the socio-economic characteristics of the committee members of the three sample societies will help us to know the pattern of cooperative leadership.

Sex

The composition of the committee members is predominantly male. There is one female member each in the committee.

of the three sample societies (Table 5 17) This is because it is required as per the bye-laws that one of the members of the Board of the society should be a female

Table 5 17 Composition of managing committee members

Name of society	Male	Female	Total
KEC	7	1	8
NAT	8	1	9
KAL	8	1	9

Age

'In India, age has its own respect" (National Institute Community Development) In the sample cooperatives 31 per cent of the committee members are old persons (over 55 years) 58 per cent are middle-aged persons (36-55 years) and only a small proportion of 11 per cent belongs to the younger age group (25-35 years) It is clear that middle-aged and old persons dominate the committee in the sample societies (Table 5.18).

Table 5 18 Age of managing committee members

Name of the Societies	Age in years					Total
	25-35	36-45	46-55	56-65	66 & above	
KEC	1	4	2	1	-	8
NAT	1	2	1	5	-	9
KAL	1	2	4	1	1	9

Education

Cooperative movement is not only an economic movement it is also an educational movement. As Prof Cole points out 'Owenism' was in its very essence an educational movement This highlights the role of cooperative leaders He has to be an educator to keep the interest of the members sustained and bring potential members into the society Education broadens the vision of man

Table 5 19 Educational level of managing committee members

Name of the societies	Level of education						Total
	Primary	Upper primary	Secondary	Higher secondary	Graduation	Post graduation	
KEC	-	-	4	3	1	-	8
NAT	-	-	4	4	-	1	9
KAL	-	2	3	2	-	2	9

The table revealed that majority (42 per cent) of the committee members have received secondary education 35 per cent has higher secondary education, four per cent are graduates and 11 per cent are post-graduates whereas eight per cent received only Upper primary education (Table 5.19)

Occupation

The survey of committee members shows that their occupational composition is heavily biased towards non-agriculturists As many as 31 per cent of the committee members of the three sample societies are businessmen at the same time an equal percentage of committee members are government servants or private sector employees or engaged in self-employment

activities Nineteen per cent of the committee members had no work Only 19 per cent of the committee members of the sample primary agricultural credit societies are agriculturists (Table 5.20).

Table 5.20 Occupation of managing committee members

Name of the societies	Occupation						Total
	Agriculturist	Agricultural labourers	Business	Professionals	Others	No work	
KEC	1	-	5	-	2	-	8
NAT	2	-	-	-	3	4	9
KAL	2	-	3	-	3	1	9

Economic status

Cooperatives are organisations of men of small means who associate together to satisfy their needs which is otherwise not satisfied Committee members are the elected representatives of the general members. An attempt is made to study their economic status in relation to the value of land owned and annual income. About 65 per cent of the committee members of the three sample societies belonged to the higher category

(Above Rs.60,000), 15 per cent possessed wealth valued between Rs 40 001 and Rs 60,000 eight per cent owned wealth between Rs 20,001 and Rs 40,000 and only 12 per cent possess wealth upto or below Rs.20,000/- (Table 5.21).

Table 5.21 Economic status of managing committee members

Name of the societies	Level of economic status				Total
	Upto Rs 20000	20 001- 40 000	40,000- 60,000	Above 60 000	
KEC	-	1	2	5	8
NAT	3	1	1	4	9
KAL	-	-	1	8	9

11 Social participation

An attempt is made to analyse the involvement of the committee members of the sample societies in other bodies. This is also a measure of the popularity of the leaders of cooperative societies. Social participation helps the committee members to expose to various operational problems of the society where they live. This will help them to build up courage, self-confidence, dynamism, foresightedness etc., which will improve

their leadership qualities and thereby be helpful for the cooperative movement. At the same time over involvement in other bodies can lead to low level of involvement in the affairs of their cooperatives which in turn may adversely affect the movement as a whole.

Table 5.22 reveals that cent per cent of the Board members of the three sample societies are members of a political party. Eight Board members are having membership in cultural organisations like clubs, library etc. Of the 26 sample board members 7 (26.92 per cent) were associated with farmers' associations. Five of the sample Board members were members of their village panchayats. Thus it is clear that majority of the Board members were associated with one or more organisations apart from their cooperatives.

iii Business participation

The concept of business participation was explained in the previous section. The committee members of the sample societies were classified as medium and high participants on the basis of their respective scores. It is clear from Table 5.23 that 38 per cent of the committee members of the three sample societies were medium participants whereas 62 per cent belonged to the high participation category. Seven (87.5 per cent) committee members of Iechery society three

Table 5 22 Social participation of managing committee members

Particulars	KEC	NAT	KAL	Total
Political Party	8 (100 00)	9 (100 00)	9 (100 00)	26 (100 00)
Cultural Organisation	2 (25 00)	3 (33 33)	3 (33.33)	8 (30 77)
Membership in farmers association	3 (37 50)	2 (22 22)	2 (22 22)	7 (26 92)
Panchayat	2 (25 00)	1 (11 11)	2 (22 22)	5 (19 23)
Religious body	1 (12 50)	--	1 (11 11)	2 (07 70)
Educational Societies	-	1 (11 11)	--	1 (03 85)

Note Figures in parentheses indicate percentage to total

Table 5 23 Business participation by managing committee members

Category	Medium			High		
	KEC	NAT	KAL	KEC	NAT	KAL
Number of members	1 (12 50)	6 (66 67)	3 (33 33)	7 (87 50)	3 (33.33)	6 (66 67)

Note Figures in parentheses indicate percentage to total

(33.33 per cent) of Nattika society and six (66.67 per cent) of Kallamkundu society fall in the high participation category

(iv) Democratic participation

The Board is the decision making body of a cooperative society. Each member has one vote and the decisions are taken on majority rule. The efficiency of an organisation is directly related to the quality and timing of the policy decisions. This in turn, depends on the frequency of Board meeting and the extent of participation by the Board members. On an average the number of Board meetings during a year ranges between 31 to 46 for each of the three sample societies. Democratic participation is measured on the basis of attendance in Board meetings, participation in deliberation, preparation for participating in the discussions, and voting in the election.

The average scores of each question was calculated based on the response of the Board members in respect of 25 Board meetings held. On the basis of the scores obtained, the members were classified as low, medium and high.

Table 5.24 reveals that 15.38 per cent of the Board members are medium participants whereas 84.62 per cent were

high participants None of the Board members of the three sample societies is a low participant Seven (87.5 per cent) committee members of Kechery society seven (77.78 per cent) of Nattika society and eight (88.89 per cent) of Kallamkunnu society are high participants in democratic process whereas the number of medium participants are one (12.5 per cent) two (22.22 per cent) and one (11.11 per cent) for Kechery Nattika and Kallamkunnu societies respectively

Table 5 24 Democratic participation of managing committee members

Category	Medium			High		
	KEC	NAT	KAL	KEC	NAT	KAL
Number of members	1 (12.50)	2 (22.22)	1 (11.11)	7 (87.50)	7 (77.78)	8 (88.89)

Note Figures in parentheses indicate percentage to total

As a follow-up the attendance of the Board members in the board meetings during the period 1979-'80 to 1988-'89 was studied and it was found that the attendance range between 81 per cent and 100 per cent It is found that in majority of the Board meeting the attendance is above 90 per cent for the sample societies Thus the attendance record of the committee members is fairly good (Appendix VIII)

v Contributing factors to gain the present status

In a wider sense cooperative leadership means all those who influence instrument and inspire cooperative ideals ideology policies and programmes physical growth and expansion structure and working of individual organisations at various levels The concept may include a wide range of persons - cooperators philosophers statesmen educationists, administrators professionals executives, etc. (Dwivedi 1982)

In this section an attempt is made to study the various factors which helped the leaders of the sample societies to achieve the present position Eight different factors were listed in the schedule and the respondents were asked to identify those factors which helped them to achieve the present position

Table 5.25 reveals that political affiliation is the key factor which contributed the most for all the Board members of the sample societies to achieve their present position Thirteen (50 per cent) Board members responded that apart from political affiliation initiatives taken to improve the society and social service helped them to achieve their present position Eight (30.77 per cent) members said that occupation

Table 5 25 Factors that contributed to gain the present status

Particulars	KEC	NAT	KAL	Total
Political affiliation	8 (100 00)	9 (100 00)	9 (100.00)	26 (100 00)
Initiative taken to improve society	6 (75 00)	3 (33 33)	4 (44.44)	13 (50 00)
Social service	4 (50.00)	5 (55.55)	4 (44.44)	13 (50 00)
Occupation	3 (37 50)	3 (33.33)	2 (22.22)	8 (30 77)
Caste	1 (12.50)	1 (11.11)	2 (22.22)	4 (15 38)
Education & Training	--	1 (11.11)	2 (22.22)	3 (11 54)
Family background	--	--	--	--
Others	--	--	--	--

Note Figures in parentheses indicate percentage to total

along with other factors helped them to achieve the present position. Only three (11.54 per cent) Board members responded that education and training contributed for achieving their present position.

5.2.1.2 Member satisfaction

The term member satisfaction is explained in detail in the previous section (member satisfaction and democratic participation). The members of the sample societies were classified as low, medium and high satisfaction categories.

Table 5.26 indicates that 30 (50 per cent) borrowing members of the three sample societies are within the medium satisfaction category, whereas 28 (46.67 per cent) fall in the category of low satisfaction and only two (3.33 per cent) were in the category of high satisfaction. Majority 24 (53.33 per cent) non-borrowing members fall in the low satisfaction category, whereas 21 (46.67 per cent) were within the medium satisfaction category. None of the non-borrowing members of the three sample societies was in the high satisfaction category. Cent per cent committee members of the sample societies fall in the high satisfaction category.

Table 5.26 Member satisfaction from the services of the societies

Category	Low			Medium			High		
	KEC	NAT	KAL	KEC	NAT	KAL	KEC	NAT	KAL
BM	3 (15)	11 (55)	14 (70)	16 (80)	8 (40)	6 (30)	1 (5)	1 (5)	--
NBM	7 (47)	9 (60)	8 (53)	8 (53)	6 (40)	7 (47)	--	--	--
MCM	--	--	--	--	--	--	8 (100)	9 (100)	9 (100)

Note Figures in parentheses indicate percentage to total

Thus, the higher share of low and medium satisfaction categories of borrowing and non-borrowing members points out the inefficiency of the societies to meet the entire requirements of their members. In the case of committee members the number of respondents were less when compared to the other category and hence the inference cannot be generalised.

5 2.1.3 Job satisfaction of employees

The employees are the implementing body of a cooperative society. In a primary agricultural credit society this body is headed by the secretary. It is the employees

who have more frequent contact with members than the Board members. The efficiency of an organisation to a great extent depends on satisfaction of employees. Satisfied employees will be committed towards the organisation and will put in their best efforts for efficient functioning of the organisation. Job satisfaction is a set of favourable or unfavourable feelings with which employees view their work. When the employees join an organisation they bring with them a set of wants, needs, desires and past experiences that combine to form job expectations. (Davis and Newstrom, 1985)

The employees of the sample societies were classified as satisfied, partially satisfied and not satisfied, based on the scores obtained by them.

Table 5.27 Satisfaction of employees

Name of society	Level of satisfaction			Total
	Satisfied	Partially satisfied	Not satisfied	
Kechery	2 (28.57)	4 (57.14)	1 (14.29)	7 (100.00)
Nattika	3 (42.86)	2 (28.57)	2 (28.57)	7 (100.00)
Kallamkunnu	3 (50.00)	2 (33.33)	1 (16.67)	6 (100.00)

Note: Figures in parentheses denote percentage to total.

Table 5.27 reveals that of the seven employees of the Kechery society four (57.14 per cent) are partially satisfied with their job whereas two (28.57 per cent) are satisfied with their job. For the Vattika society three (42.86 per cent) are satisfied with their job whereas 23.57 per cent are partially satisfied with their job, whereas 2 persons are not satisfied. In case of the Kallamkundu society three (50 per cent) employees are satisfied whereas two (33.33 per cent) are partially satisfied and one (16.67 per cent) is not satisfied with their job.

Organisational efficiency in qualitative terms is studied on the basis of the above variables. The organisational efficiency in quantitative terms is dealt in the succeeding section.

5.2.2 Organizational efficiency in quantitative terms

The organisational efficiency in quantitative terms is studied in relation to membership coverage, resource structure, efficiency in funds deployment, and business performance.

5.2.2.1 Membership Coverage

Membership coverage is studied in relation to borrower members as a percentage of total coverage of members from weaker sections as a percentage of the total members and the increase in membership over the period under study.

Table 5.28 Membership coverage by the sample societies

Year	Total members			Borrowing members			Members from weaker sections		
	KEC	NAT	KAL	KEC	NAT	KAL	KEC	NAT	KAL
1979-80	1061 (100)	1927 (100)	1480 (100)	743 (70)	1634 (85)	1130 (76)	325 (31)	475 (25)	437 (30)
1980-81	1183 (111.50)	2458 (127.55)	1723 (116.42)	972 (82)	1975 (80)	1510 (88)	417 (35)	563 (23)	493 (29)
1981-82	1334 (125.73)	2827 (146.70)	1903 (128.58)	1021 (76)	2635 (93)	1737 (91)	527 (39)	597 (21)	516 (27)
1982-83	1372 (129.31)	3128 (162.32)	2232 (150.81)	1125 (82)	3011 (96)	2104 (94)	546 (40)	613 (20)	556 (25)
1983-84	1391 (131.10)	4329 (224.65)	2452 (165.67)	1073 (77)	3937 (91)	2187 (89)	549 (39)	674 (16)	612 (25)
1984-85	1438 (135.53)	4680 (242.86)	2739 (185.07)	1215 (84)	4465 (95)	2411 (88)	595 (41)	718 (15)	643 (23)
1985-86	1470 (138.55)	4978 (258.33)	2955 (199.62)	1173 (80)	4786 (96)	2456 (83)	611 (42)	799 (16)	667 (23)
1986-87	1535 (144.67)	5437 (282.15)	3187 (215.34)	1348 (88)	5101 (94)	3012 (95)	675 (44)	823 (15)	699 (22)
1987-88	1815 (171.06)	5761 (298.96)	3779 (255.34)	1731 (95)	5197 (90)	3472 (92)	679 (37)	1124 (20)	743 (20)
1988-89	1907 (179.74)	5873 (304.77)	4056 (274.05)	1760 (92)	5214 (89)	3578 (88)	703 (37)	1137 (19)	977 (24)

Note Figures in parentheses indicate the growth index

Figures in parentheses indicate percentage to total

In the absence of the information about the increase in population in the area of operation of the societies, it would be difficult to study the membership coverage of the societies. But it is clear from the Table 5.28 that over the period under study there is a steady increase in membership. The membership showed an increase of 180 per cent in the year 1988-89 for the Kechery society compared to the figures of the year 1979-80. The corresponding figures for Nattika and Kallamkunnu societies were 305 per cent and 274 per cent respectively. It can be inferred from the table that the Nattika society has put in more efforts to increase the number of members. An attempt is also made to study the composition of weaker sections in the total membership. It is evident from the table that in absolute figures the share of weaker sections is showing a steady increase for the three societies. But their percentage to the total membership shows a slight decline, for Nattika and Kallamkunnu societies whereas for the Kechery society a slight increase is recorded. In the absence of the number of weaker section members in the area of operation of the societies, a concrete conclusion regarding the efficiency of the societies in attracting members of weaker sections is not possible. But it is evident from the table that the Kechery society has an edge over the other two societies in attracting weaker sections as members of the

society. The study on the share of borrowing members to total membership in absolute figures showed a steady increase over the period under study. It is evident from the table that percentage share of borrowing members to total membership is also showing a steady increase. Thus it can be inferred that all the three societies are efficient in attracting members who are in need of the facilities provided by the society

5.2.2.2 Resource structure

The resource structure of a primary agricultural credit society is determined by the magnitude of working capital. The components of working capital, viz. deposits and borrowings are studied in the present section. The efficiency in funds mobilization by the sample societies is determined by computing the following ratios

Deposits to working capital
 Borrowings to working capital, and
 Average cost of funds mobilized

Table 5 29 gives a picture of the growth of working capital of the sample societies. It is evident from the table that the working capital is increasing over the period under study for the Kechery society whereas for the Nattika and Kallamkunnu societies a slight decline was witnessed during

the year 1986-'87 and 1980-'81 respectively For the Nattika society it decreased from Rs 25 06 lakh in 1985-'86 to Rs.22.72 lakh in 1986- 87 which can be attributed to the decline in borrowings during the same period Whereas for the Kallamkunnu society the working capital decreased from Rs 6 21 lakh in 1979-'80 to Rs 5.54 lakh in 1980-'81 the reason for which may be the decline in deposits during this period It is observed from the table that the percentage increase in the working capital of the Kechery society is 808.76 per cent in the year 1988-'89 compared to the figures of the year 1979-'80 The corresponding figures for Nattika and Kallamkunnu societies were 577 30 per cent and 776 16 per cent respectively. It is difficult to give an inference on the efficiency of the societies in increasing their working capital because the share of various components of working capital is not studied The study on the share of deposits and borrowings in the working capital (vide Table 5 30 and 5 31) revealed that the deposits constitute the major part of working capital and it is observed that the share of borrowings in the working capital is declining for the sample societies The growth index of the working capital of the societies exhibits that the growth rate was faster for the Kechery society when compared with the other two societies

Table 5 29 Growth in working capital

(Amounts in rupees lakh)

Year	Kechery		Nattika		Kallamkunnu	
	Working capital	Growth index	Working capital	Growth index	Working capital	Growth index
1979-80	8 56	100 00	5 64	100.00	6 21	100 00
1980-81	12 71	148 48	6.15	109 04	5 54	89 21
1981-82	15 62	182 48	10 27	182 09	8 23	132 53
1982-83	18 06	210 98	11 28	200 00	10 45	168 28
1983-84	23 29	272 08	13.05	231 38	16 30	262 48
1984-85	30 03	350 82	19 86	352 13	20 51	330 27
1985-86	41 71	487 27	25.06	444 33	24 73	398 23
1986-87	50 83	593 81	22 72	402 84	26 61	428 50
1987-88	56 75	662 97	32 54	576 95	37 84	609 34
1988-89	69 23	808 76	32 56	577 30	48.20	776 16

Source Audit Reports

Deposit to working capital

The bank raises funds through share capital deposits from members and non members and borrowings from the financing bank and the government. A bank cannot in the long run depend on the financing bank for all its requirements. It was with this objective that the deposit mobilisation campaign was sponsored by the Government of Kerala way back in 1976. The ability of the bank in mobilising sufficient deposits for its business is studied here. It also helps to judge the degree of confidence reposed on the bank by the members and non-members.

The following formula was used to calculate the deposits to working capital ratio

$$\frac{\text{Deposits}}{\text{Working capital}} \times 100$$

Table 5.30 presents deposits to working capital ratio of the selected societies

Deposit to working capital ratio of the Kechery society shows an increasing trend over the period under study. The ratio increased from 43.10 during 1979-'80 to 71.74 during 1988-89. Deposits is the major component of working capital

Table 5 30. Deposit to Working Capital Ratio

(Amount in rupees lakh)

Year	Working capital			Deposit \			Ratio		
	Kechery	Nattika	Kallamkunnu	Kechery	Nattika	Kallamkunnu	Kechery	Nattika	Kallamkunnu
1979-'80	8.56	5.64	6.21	3.69	2.54	3.45	43.10	45.03	55.55
1980-'81	12.71	6.15	5.54	6.98	3.09	2.39	54.91	50.24	43.14
1981-'82	15.62	10.27	8.23	7.16	5.10	3.36	45.83	49.65	40.82
1982-'83	18.06	11.28	10.45	9.66	6.54	5.49	53.48	57.97	52.53
1983-'84	23.29	13.05	16.30	14.62	8.16	9.38	62.77	62.52	57.54
1984-'85	30.03	19.86	20.51	20.46	12.20	12.81	68.13	61.43	62.45
1985-'86	41.71	25.06	24.73	27.11	16.01	16.61	64.99	63.88	67.16
1986-'87	50.83	22.72	26.61	28.56	16.80	19.50	56.18	73.94	73.28
1987-'88	56.75	32.54	37.84	39.30	22.60	28.51	69.25	69.45	75.34
1988-'89	69.23	32.56	48.20	49.67	24.02	38.73	71.74	73.77	80.35

Source Audit Reports

of a banking institution and it is also an indirect measure of confidence reposed on the bank by the members and non-members. Higher the ratio higher is the efficiency of the bank in mobilising rural savings. Deposit to working capital ratio of the Nattika society is showing an increasing trend. The ratio increased from 45.03 in 1979-80 to 73.77 in 1988-89. It is evident from the table that the bank is improving its position in mobilizing rural savings. The ratio of the Kallamkundu society witnessed a decline during the first three years when it decreased from 55.55 in 1979-80 to 40.82 in 1981-82. From the year 1982-'83 onwards the ratio is showing an increasing tendency. It increased from 40.82 in 1981-82 to 80.35 in 1988-89. It is evident from the table that the Bank is able to mobilize greater amount of rural savings which will help the bank to reduce its dependence on the apex bank.

An attempt is made to compare the performance of the sample societies with the expected performance (norm). The norm worked out for the share of deposits in working capital for the societies is 60 per cent. The study revealed that the Kechery society was able to operate at a ratio above the norm for five years during the reference period from 1983-'84 to 1988-89 with an exception in 1986-87 whereas the Nattika society had been operating at a ratio above the norm from

1983-'84 to 1988- 89 and for the Kallankunnu society the period is from 1984- 85 to 1988- 89 The ratio was highest for the Kechery and Kallankunnu societies during 1988-'89 when it was 71 74 per cent and 80 35 per cent respectively for the two societies whereas for the Nattika society it was during 1986-'87 when the ratio recorded the maximum at 73 94 per cent Thus it can be inferred that the Kallankunnu society is having an edge over the other two societies in mobilizing deposits But a concrete inference on the efficiency of the societies in mobilizing deposits cannot be drawn because the composition of deposit or in other words the deposit mix is not studied

Borrowings to working capital

Since the cooperatives undertake banking activities they cannot depend on equity capital alone for financing the business They should pay an equal attention to both mobilisation of funds and deployment of funds The primary societies enjoy the privilege of funds from its apex organisation For a primary society borrowings represent the borrowings from the District Cooperative Bank The share of borrowings from the financing bank in the working capital shows the extent of dependence by the bank on the financing Bank

The ratio was calculated by the formula

$$\frac{\text{Borrowings}}{\text{Working capital}} \times 100$$

Table 5.31 presents borrowings to working capital ratio of the sample societies.

Borrowings to working capital ratio of the three sample societies viz Kechery Nattika and Kallamkunnu is showing a declining trend. The ratio decreased from 44.97 during 1979-'80 to 29.04 during 1988-'89 for the Kechery society whereas for the Nattika society it decreased from 35.46 to 19.87 during the same period and for the Kallamkunnu society the ratio decreased from 32.52 during 1979-'80 to 17.92 during 1988-'89. It is evident from the table that over the period under study the dependence of the sample societies on the financing bank is reducing considerably. This in turn highlights the efficiency of the bank in mobilizing own funds for the day to day activities of the banks.

A comparative study on the efficiency of the sample societies is attempted by comparing the performance of the societies with an expected standard (norm). The norm worked out for the purpose of study is 34.18 per cent. It is evident from the table that the Kechery society could operate within

Table 5 31 Borrowing to Working Capital Ratio

(Amounts in rupees lakh)

Year	Working capital			Borrowings			Ratio		
	Kechery	Nattika	Kallamkunnu	Kechery	Nattika	Kallamkunnu	Kechery	Nattika	Kallamkunnu
1979-'80	8.56	5 64	6 21	3 85	2.00	2 02	44.97	35.46	32.52
1980- 81	12 71	6 15	5 54	4 88	1 73	2 39	38 39	28 13	43.14
1981-'82	15 62	10 27	8 23	7 81	3.49	4 10	50 00	33 08	49.81
1982- 83	18 06	11 28	10 45	7.72	3 31	4 18	42 74	29 34	40 00
1983-'84	23 29	13 05	16 30	7 99	3 40	5 99	34 30	26 05	36 74
1984- 85	30 03	19.86	20 51	9 40	4 83	7 35	31 30	24 32	35.83
1985- 86	41 71	25 06	24 73	14.36	6 82	7 59	34 42	27 21	30 69
1986-'87	50 83	22 72	26 61	20 77	4 66	6.83	40 86	20 51	25 66
1987- 88	56 75	32 54	37 84	16 95	8 16	8.68	29 86	25 07	22 93
1988-'89	69 23	32 56	48 20	20 11	6 47	8 64	29 04	19.87	17 92

Source Audit Reports

the norm only during the years 1984-'85, 1987- 88 and 1988-'89 when the ratio was 31.30 per cent 29.86 per cent and 29.04 per cent respectively whereas for the Nattika society it was operating below the norm except during 1979-'80, when the ratio was 35 46 per cent The Kallamkunnu society is operating at a ratio below the norm during the last four years from 1985-'86 to 1988-'89 and during the first year of the reference period. It is observed from the table that the Nattika and Kallamkunnu societies had been able to decrease considerably the dependence on apex organisation Though for all the three societies the ratio is showing a declining trend it may be concluded that the Nattika and Kallamkunnu societies have an edge over Kechery society

Average cost of funds mobilized

The cost of funds is as important consideration in fund management. If the cost of funds is not below the return from the funds employed the institution will undoubtedly land in financial crisis. The ratio gives an idea about the average interest rate at which the bank raises funds from deposits and borrowings which is the major expense item of the bank

The following formula was used for arriving at the ratio

$$\frac{\text{Interest paid and payable}}{\text{Average borrowed funds}} \times 100$$

$$\text{Average borrowed funds} = \frac{\text{Opening balance of deposits \& borrowings} + \text{Closing balance of deposits \& borrowings}}{2}$$

It is evident from Table 5.32 that the average cost of funds mobilized is showing an increasing tendency for the three sample societies. During the period 1979-80 to 1988-89, the average cost of funds mobilized by the Kechery society increased from 9.60 to 15.25, whereas for the Nattika society, the increase was from 11.52 to 19.00 and for the Kallamkundu society it recorded an increase from 8.44 to 12.48. Though the ratio is increasing for all the sample societies it cannot be attributed to the inefficiency of the banks because the interest rates are fixed by an external agency. The only way to reduce this cost is by harmoniously blending the deposit mix of the banks i.e. the bank should try to mobilize low interest bearing deposits and thereby reduce the average cost.

From the comparison of the actual performance of the sample societies with the expected standard (norm worked out is 12.70 per cent) it is evident from the table that the Kechery and Nattika societies are mobilizing funds at a cost higher than the norm whereas the Kallamkundu society had exceeded the norm only during 1980-'81 and 1987-'88. It is observed that the average cost is high for the Nattika Society

Table 5 32 Average cost of funds mobilized Ratio

(Amounts in rupees lakh)

Year	Interest paid and payable			Average borrowed funds			Ratio		
	Kechery	Nattika	Vallamkunnu	Kechery	Nattika	Kallamkunnu	Kechery	Nattika	Kallamkunnu
1979- 80	0 68	0 46	0.44	7.08	3 99	5 21	9 60	11 52	8 44
1980 81	0 92	0 58	0 74	9 70	4 68	5 12	9.48	12 39	14 45
1981 82	1 65	0 79	0 70	13 41	6 65	6 12	12 30	11 87	11 43
1982 83	2 10	1 17	1 02	16 17	9 22	8 56	12 98	12 68	11 91
1983- 84	2 55	1 36	1 46	19 99	10 70	12 52	12 75	12 71	11 66
1984-'85	3 64	1 77	2 02	26 23	14 29	17 76	13 87	12 38	11 37
1985- 86	5 06	2 55	2 57	35 66	17 43	22 18	14 18	14.62	11 58
1986- 87	6 88	3 64	3 15	45 40	22 19	25 76	15 15	16 40	12 22
1987- 88	8 47	4.61	4 18	52 79	26 11	32 26	16 04	17 65	12 95
1988 '89	9 61	5 82	5 28	63 01	30 62	42.28	15 25	19 00	12 48

Source Audit Reports

(10 00 per cent) followed by Kechery society (15 25 per cent) and least for Kallamkunnu society (12 48 per cent) Thus it can be inferred that Kalla kunnu society is efficient than the other two societies in mobilizing funds

5 2 2 3 Deployment of funds

Disbursement of credit is the main function of primary agricultural credit societies The efficiency of the sample societies in the deployment of their resources is determined by computing

Credit to working capital ratio

Average return on funds employed ratio and

Recovery rate

Credit to working capital

The credit to working capital is a comprehensive ratio to study the efficiency in fund management Since one of the major activities of the bank is lending operation it should give as much loans as possible so as to increase its efficiency and to create surplus

The ratio was calculated by the following formula

$$\frac{\text{Credit}}{\text{Working capital}} \times 100$$

Table 5 33 Credit to Working Capital Ratio

(Amounts in rupees lakh)

Year	Working capital			Credit			Ratio		
	Kechery	Nattika	Kallamkunnu	Kechery	Nattika	Kallamkunnu	Kechery	Nattika	Kallamkunnu
1979-'80	8.56	5.64	6.21	5.86	5.09	4.34	68.45	90.24	69.88
1980-'81	12.71	6.15	5.54	8.81	5.71	4.57	69.31	92.84	82.49
1981-'82	15.62	10.27	8.23	12.48	7.22	6.17	79.89	70.30	74.96
1982-'83	18.06	11.28	10.45	14.19	8.41	7.39	78.57	74.55	70.71
1983-'84	23.29	13.05	16.30	17.19	9.75	10.97	73.80	74.71	67.30
1984-'85	30.03	19.86	20.51	24.06	13.88	13.95	80.11	69.88	68.01
1985-'86	41.71	25.06	24.73	35.91	18.81	16.65	86.09	75.05	67.32
1986-'87	50.83	22.72	26.61	41.18	17.71	19.66	81.01	77.94	73.88
1987-'88	56.75	32.54	37.84	40.79	24.25	27.98	71.87	74.52	73.84
1988-'89	69.23	32.56	48.20	43.22	27.88	34.23	62.42	85.62	71.01

Table 5.33 presents credit to working capital ratio of the sample societies.

Credit to working capital ratio of the Kechery society is showing a steady trend over the period under study. The ratio increased from 68.45 during 1979-'80 to 86.09 during 1985-'86 but declined thereafter to 62.42 in 1988-'89. The ratio helps to understand the efficiency of the society in fund management. It is evident from the table that the society is wavering in its ability in funds management. The ratio of the Nattika society is showing a declining trend over the period under study. The ratio decreased from 90.24 in 1979-'80 to 85.62 during 1988-'89. The ratio was lowest during the year 1984-'85 when it was 69.88. The decline in this ratio is an evidence of idle funds, which in turn affects the profitability of the Bank. Credit to working capital ratio of the Kallamkunnu society is showing a steady trend. The ratio increased from 69.88 during 1979-'80 to 71.01 during 1988-'89. The ratio recorded the maximum of 82.49 during 1980-'81. But the Bank could not achieve this ratio in the succeeding years. Deposits and borrowings are the two major components of working capital for which the bank incurs a fixed percentage of cost. The efficiency of the bank in deploying funds is of crucial importance for creating a surplus, and thereby improving the fund management.

The comparison between the actual performance of the sample societies and the expected standard (the norm worked out is 74.88) revealed that the Kechery and Nattika societies had operated above the norm for five years during the reference period, whereas the Kallamkunnu society could maintain its performance above the norm only during the years 1980-'81 and 1981-'82. The maximum share of the credit in the working capital was 86.09 per cent during 1985-'86 for the Kechery society, 92.84 per cent during 1980-'81 for the Nattika society and 82.49 per cent during the same period for the Kallamkunnu society. Taking credit to working capital ratio as a yardstick to measure the efficiency in deployment of funds by the sample societies, it may be inferred that the Kechery and Nattika societies are efficient than the Kallamkunnu society.

Average return on funds employed

This ratio reflects the average interest received by the bank from its lending operations. It indirectly shows the average cost to borrowers of the bank. The higher the ratio, the greater the profitability of the bank. But a high ratio is not desirable from the angle of borrowing members. The composition of loans will also be pushing up or down the ratio.

The following formula was used for calculating the ratio

$$\frac{\text{Interest received and receivable}}{\text{Average credit}} \times 100$$

$$\text{Average credit} = \frac{\text{Opening balance of loan} + \text{Closing balance of loan}}{2}$$

It is evident from Table 5.34 that the Average return on funds employed by the three sample societies is showing an increasing trend over the period under study. The average returns on funds employed by the Kechery society increased from 19.74 during 1979-80 to 24.03 in 1988-89. For the Mattika society it increased from 20.59 to 28.62 during the same period whereas the Kallamkundu society witnessed an increase from 21.88 during 1979-'80 to 23.18 in 1988-89. From the point of view of the bank higher the ratio greater is their profitability. But a high ratio is not desirable from the borrowing members angle. The sample societies not only deal with members in respect of loans major portion of gold loans is given to non-members. A cooperative is an organisation of members to fulfil their needs and for the cooperative to withstand the challenges of the future it should earn a reasonable level of surplus. Looking from the financial point of view the ratio indicates the efficiency of the bank in the deployment of funds.

Table 5.34 Average return on funds employed Ratio

(Amounts in rupees lakh)

Year	Interest received and receivable			Average credit			Ratio		
	Kechery	Nattika	Kallamkunnu	Kechery	Nattika	Kallamkunnu	Kechery	Nattika	Kallamkunnu
1979-'80	1 08	0.90	0 93	5 47	4 37	4 25	19.74	20.59	21.88
1980-'81	1 48	1.21	1 20	7.33	5.40	4.45	20.19	22.40	26.96
1981-'82	2.72	1 74	1.17	10.64	6.46	5.37	25.56	26.93	21.78
1982-'83	3.72	2.06	1.53	13.33	7.81	6.78	27.90	26.37	22.56
1983-'84	4.35	2.41	1 92	15.69	9.08	9 18	27.72	26.54	20 91
1984-'85	5 65	2.92	2 81	20 62	11 81	12.46	27.40	24 72	22.55
1985-'86	8 24	4 00	3.67	29.98	16 34	15 30	27 48	24 47	23.98
1986-'87	11.21	5 49	4.58	38.54	17 99	18.15	29.08	30 51	25.23
1987-'88	12 39	6 36	5.72	40 98	20 71	23 82	30.23	30 70	24.01
1988-'89	14 06	7 46	7 21	58.51	26.06	31.10	24.03	28.62	23.18

Source Audit Reports

The comparison of the actual performance of the sample societies with the expected standard with respect to the average cost of funds mobilised apropos of the norm (26.45) revealed that the Kechery and Nattika societies earned average return than the norm whereas the Kalarkunnu society could earn an average return above the norm only during the year 1980-81 when it earned an average return of 26.96 per cent. The maximum returns for the Kechery and Nattika societies were during the year 1987-88 when the average returns were 30.23 per cent and 30.70 per cent respectively. Though the Kalarkunnu society had mobilized funds at a lower cost than the cost incurred by the other two societies (vide Table 5.32) it could not deploy the funds efficiently. Thus it can be inferred that the Kechery and Nattika societies are efficient in deploying their funds.

Recovery rate

One of the major objectives of primary agricultural credit societies is to provide credit for agricultural purposes. At the same time it is to be noted that a major portion of the funds is mobilized by way of deposits and a so by way of borrowings from apex organisation. The efficiency of any lending institution depends to a great extent on the efficient

re-cycling of funds. Thus an attempt is made to study the overdue position of the societies.

It is evident from the Table 5.35 that the amount of overdues for the sample societies is increasing over the period under study. For the Kechery society the overdues in absolute figures showed an increase of 717 per cent in the year 1988-89 compared with those of the year 1979-80. The corresponding figures were 1898 per cent and 629 per cent for Nattila and Kallankunnu societies respectively. It is clear that for the Nattila society the increase is more than twice the figures of the other two societies. The study will not be complete unless the overdues are related to demand and hence the percentage of overdues to demand is attempted. It is evident from the table that the overdue as a percentage of demand has declined considerably from 23.4 per cent in 1979-80 to 9.21 in 1988-89 for the Kechery society. For Nattila society it increased from 18.0 per cent to 30.11 per cent during the same period whereas for the Kallankunnu society a slight decline was witnessed when it decreased from 12.5 per cent in 1979-80 to 11.6 per cent in 1988-89. Thus it can be inferred that the Kechery society is efficient than the other two societies in bringing down the percentage of overdue to demand. This can be considered as a positive sign of recycling of funds.

Table 5 35 Overdue position of sample societies

(Amount in rupees lakh)

Year	Overdue			Percentage to demand		
	KEC	NAT	KAL	KEC	NAT	KAL
1979-'80	1 01 (100)	0.47 (100)	0.67 (100)	23 40	18 00	12 50
1980-'81	2 50 (247.52)	1 22 (259 57)	0 58 (86 57)	35 30	31 00	13 00
1981-'82	3.73 (369.31)	1.05 (223.40)	1.02 (152 23)	20.00	22 23	15 81
1982-'83	3 93 (389 11)	1.12 (238 30)	1 60 (238.81)	18 32	17.89	16 68
1983-'84	3 92 (388.12)	0.96 (204 25)	1 36 (202.98)	24 60	12 05	10.52
1984-'85	3 82 (378 22)	2 85 (606 38)	2 11 (314.92)	11 00	21.73	13.23
1985- 86	4.39 (434 63)	4 64 (987 23)	3 20 (477 61)	8.07	29 22	15 88
1986-'87	5 43 (537 62)	6.67 (1419 15)	2 73 (407.46)	7.99	31 61	13 28
1987-'88	6 35 (628 71)	5 54 (1178.72)	4 17 (622 38)	8 43	22 23	13 70
1988-'89	7.24 (716.83)	8 92 (1897.87)	4 62 (689.55)	8 81	30.11	11.60

Note Figures in parentheses indicate growth index

5 2.2.4 Business performance

The business performance is studied in relation to the cost of management to total income and the net operating result

Cost of management to total income

The ratio establishes a relationship between the total cost of management and the total income of the bank. In other words the ratio matches the cost and income from both banking and non-banking activities. It also indicates the amount of surplus available for building up reserves and paying a reasonable return to its members. It shall be the endeavour of a bank to effectively control each head of expenses as inefficiency means higher service cost to the members and waste of precious resources.

The ratio was calculated by the formula

$$\frac{\text{Total expenses}}{\text{Total income}} \times 100$$

Total expenses - Interest paid & payable + Establishment & other expenses

Total income = Interest received & receivable + Miscellaneous income

Table 5 36 Cost of management to Total Income Ratio

(Amount in rupees lakh)

Year	Total expenditure			Total income			Ratio		
	Kechery	Nattika	Kallamkunnu	Kechery	Nattika	Kallamkunnu	Kechery	Nattika	Kallamkunnu
1979-'80	0 97	1 01	0.74	1 12	1.03	1.03	86.60	98.05	71.84
1980-'81	1 53	1 21	1.16	1.63	1.42	1.32	93.86	85.21	87.87
1981-'82	2 19	1 38	1 30	2.90	2.08	1.34	75.51	66.34	97.01
1982-'83	3.02	1.83	1.73	3.95	2.37	1.67	76.45	77 21	103.59
1983-'84	3 40	2 22	2.34	4 55	2.80	2.29	74 72	79.28	102.18
1984- 85	4.88	2 75	3.23	5.94	3.55	3.32	82 15	77.46	97 28
1985- 86	6 28	3 63	3 62	8 93	4.80	4.56	70.32	75.62	79 38
1986-'87	8.31	5 06	4 40	11.88	6 29	5 46	69.94	80.44	80 58
1987-'88	10.95	6.27	6 04	13.32	7.81	6.90	82 20	80 28	87.53
1988- 89	11.76	7.70	7 20	14.06	8 95	8 23	83.64	86.03	87.48

Source Audit Reports

Table 5.36 presents the cost of management to total income ratio of the sample societies

The total cost of management to total income of the Kechery society showed a declining trend. The ratio decreased from 86.60 in 1979-'80 to 83.64 during 1988-89. The ratio was the minimum during 1986-'87 when it was 69.94. A declining ratio indicates the efficiency of the bank in effectively controlling the heads of expenses thereby reducing the service cost to the members. The ratio of the Nattika society shows a steady pattern. The table reveals that with an exception in the year 1979-'80 when the ratio was 98.05 for the entire period under study the variations were more or less steady. It shows the bank's efficiency in controlling the costs within the limits. The ratio of the Kallamkundu society is showing a steady trend. The table reveals that with exceptions during 1979-'80 when the ratio was the lowest at 71.84 and during 1982-'83 and 1983-'84 when the ratio was above 100 per cent the ratio was more or less steady over the period under study. This indicates the efficiency of the bank in controlling the expenses and thereby earning a margin.

The comparison of the performance of the sample societies apropos of the norm worked out (79.78 per cent) for

the cost of management to total income revealed that only the Kechery and Nattika societies maintain the cost of management below the norm for at least five years during the reference period. But it is evident from the table that for the last two years i.e. 1987-88 and 1988-'89 the cost of management exceeds the norm for the Kechery society whereas for Nattika society, the increase is witnessed from the year 1986-'87 onwards. It is clear from the table that the Kallamkunnu society could maintain the cost of management below the norm only during 1979-80 and 1985-'86. It is also observed that the cost of management to total income is higher for the Kallamkunnu society than the other two societies. It recorded the highest during the year 1982-83 when it was 103.59 per cent. Thus it may be inferred that the Kechery and Nattika societies are efficient than the Kallamkunnu society in cost-revenue management.

Net operating result

Any organisation should earn profits to survive and grow over a long period of time. Though cooperatives are not guided by profit motive a primary agricultural credit society, being a financial cooperative must earn a reasonable rate of profit for its long term viability. Profits help to absorb the shock of unforeseen losses by building strong

reserves it helps to create infrastructural facilities it builds up confidence in the public etc. Thus an attempt is made to study the performance of the sample societies in this respect

Table 5.37 Growth of profits

Year	(Amount in rupees lakh)		
	Net profit		
	KEC	NAT	KAL
1979-'80	-0.73	-0.09	-0.23
1980-'81	-1.23	-0.21	-0.42
1981-'82	-1.38	0.001	-0.50
1982- '83	-1.90	0.01	-0.92
1983-'84	-2.62	-0.47	-1.12
1984-'85	-3.16	-0.55	-1.59
1985-'86	-2.55	-0.57	-1.82
1986-'87	-1.89	-1.29	-1.93
1987-'88	-3.07	-0.85	-1.89
1988-'89	-3.67	-1.23	-1.71

Source Audit Reports

The Table 5.37 reveals that none of the sample societies is operating at net profit. The Nattika society had earned net profits during the years 1981-'82 and 1982-'83 when it earned a surplus of Rs 0.001 lakh and Rs 0.01 lakh respectively. Though the Kechery society had earned profit during the year 1985-'86 and 1986-'87, the magnitude of the net loss nullified the net effect. At the same time, the Kallamkunnu society has been earning profits during the last two years of the reference period. It is also observed that the Nattika society had earned profit to the tune of Rs 0.44 lakh during the year 1987-'88, thereby reducing the magnitude of net loss. It is evident from the table that the magnitude of net loss is higher for the Kechery society (Rs 3.67 lakh) followed by the Kallamkunnu society (Rs 1.71 lakh) and it is least for Nattika society (Rs 1.23 lakh) during the year 1988-'89.

Thus, the study of organisational efficiency in qualitative terms reveals that by and large middle-aged, educated, non-agriculturist males with high economic status and political affiliation, along with high business and democratic participation, constituted the committee members of the three sample societies. With respect to member satisfaction, majority of borrowing as well as non-borrowing members was either in low

satisfaction or in medium satisfaction group. The study on job satisfaction of employees revealed that 40 per cent was satisfied with their job and at the same time an equal percentage was partially satisfied with their job.

The organisational efficiency in quantitative terms was studied in respect of resource position, credit deployment, membership coverage and other selected indicators. Various ratios were worked out to study the above variables. The financial ratios worked out for the sample societies were compared with an expected standard (norm) worked out for various ratios. The study revealed that the Nattika and Kechery societies were efficient in the deployment of funds. The share of deposits and borrowings in the working capital of the sample societies was looked into and it was observed that the share of deposits in working capital was higher for the Kallamkunnu society. At the same time, the share of borrowings in working capital was lower for Kallamkunnu and Nattika societies. Though the growth of working capital was higher for Kechery society, it is found that the share of borrowings in working capital is higher for Kechery society than the other two societies. Borrowings are generally costlier than deposits and hence Nattika and Kallamkunnu societies are considered to be efficient than the Kechery

society in fund mobilization. It is observed that the average cost incurred for mobilization of funds is the lowest for Kallamkunnu society. The average return on funds deployed is higher for Nattika and Kallamkunnu societies. The relative share of cost of management in total income was found to be higher for Kallamkunnu society than the other two societies. The overdue position of the sample societies was studied and it was found that the overdue as a percentage to demand for the Kechery and Kallamkunnu societies had decreased considerably over the period under investigation. The net performance result of the sample societies expressed in terms of profit was negative. The magnitude of loss was the highest for Kechery society (Rs 3.67 lakh) followed by Kallamkunnu society (Rs 1.71 lakh) and Nattika Society (Rs 1.23 lakh). By relating the variables studied with the net result, it may be inferred that the efficiency of the societies is influenced by the efficiency in credit deployment, funds mobilization, cost of management, overdue position, member satisfaction and leadership pattern of the societies.

5.3 Economic performance and democratic management

The primary agricultural credit societies (PACS) were organised to provide cheap credit to the agriculturists with a view to making them free from the clutches of money lenders.

These cooperatives are the basic associations of individual persons which aim at improving their conditions by satisfying their credit and associated needs as primary producers. They have to achieve their aim by promoting savings among members providing loans supplying agricultural implements and certain essential domestic requirements and arranging for the marketing of their agricultural produce. The prime functions undertaken by the sample societies are the supply of credit and mobilization of rural savings. In this backdrop an attempt is made to study the economic performance of the sample societies.

The concept of economic performance or operational efficiency in a bank refers to the most efficient use of its resources so as to facilitate generation of optimum wealth at the lowest possible cost. The exact measurement of operational efficiency in a bank is rather a complex problem unlike the manufacturing enterprises. The measurement of operational efficiency in a cooperative bank is still more complex because it has to achieve operational efficiency by fulfilling the social objective. In the field of cooperative banking not much work has been done to develop a model to evaluate the economic performance.

Any banking institution has two major functions mobilization of resources and utilization of funds. Both

these functions are interdependent and a bank cannot hope to function for long without achieving efficiency in both. The economic performance of the sample societies is attempted in terms of efficiency in funds mobilization, deployment of funds and cost of management to total income.

Relation between democratic management and economic performance

In this section an attempt is made to examine whether any relationship exists between the key factors of democratic management and economic performance. The variables selected to study democratic management and economic performance have been discussed earlier and hence a repetition is avoided. The indices for the variables were worked out for the purpose of comparison.

Table 5.38 Indices for key factors of democratic management

Particulars	KEC	NAT	KAL	MEAN
Nature of membership	28	30	36	31
Participation in business	62	61	68	64
Knowledge of principles	58	59	64	60
Knowledge of structure and working	44	48	55	49
Member identification	53	54	57	55
Member satisfaction	62	57	57	59
Participation in decision making	50	48	52	

Table 5 38 presents the indices of the elected variables of democratic management for the three sample societies. It is evident from the table that the indices range between 28 and 68 for the selected variables. The index is maximum for business participation and minimum for voluntary membership. The mean of the indices for each variable was calculated for the purpose of classifying the societies. The societies with index above the mean for each of the variables were ascertained. It is evident from the table that for the first five variables viz. nature of membership, participation in business, knowledge of cooperation, knowledge of structure and working of one's own society, and member identification, the indices of the Kallamkunnu society fall above the mean, whereas for the variable member satisfaction, it is the index of the Kechery society which falls above the mean. None of the indices of variables for the Nattika society falls above the mean. On the basis of this results, the societies were ranked. The Kallamkunnu society with five favourable variables was ranked first, the Kechery society with one favourable variable was ranked second, and the Nattika society with no favourable variable was ranked third. This is supported by the observation made with respect to participation in

Table 5 39 Performance of sample societies with respect to selected variables

Particulars	No of favourable years			Points obtained		
	KEC	NAT	KAL	KEC	NAT	KAL
Credit to working capital	5	5	2	0	0	0
Deposit to working capital	5	6	5	0	1	0
Borrowings to working capital	3	9	5	0	16	0
Average cost of funds mobilized	3	5	8	0	0	9
Average return on funds employed	6	5	1	1	0	0
Cost of management to total income	5	5	2	0	0	0
Total				1 (4)	17 (68)	9 (36)

decisions on making or in other words the democratic participation (the dependent variable identified for the study). The Kallamkunnu society has the maximum index of 52 followed by the Kechery society with 50 and the Nattika society with 48. This measures the extent of democratic management in the sample societies.

Table 5.3^o presents the number of years in which the selected ratios were favourable and the points obtained by the respective societies. It is evident from the table that the Nattika society obtained the maximum points of 17 (6 per cent) followed by Kallamkunnu society 9 (36 per cent) and Kechery society 1 (4 per cent). Thus it can be inferred that in performance the Nattika society ranks first, the second place is for the Kallamkunnu society and the Kechery society is ranked third. This is further supported by the inference drawn from Table 5.3.7. The Nattika society has the lowest amount of net loss (Rs 1.23 lakh). The net loss of Kallamkunnu society is Rs 1.71 lakh whereas for the Kechery society it is Rs 3.67 lakh.

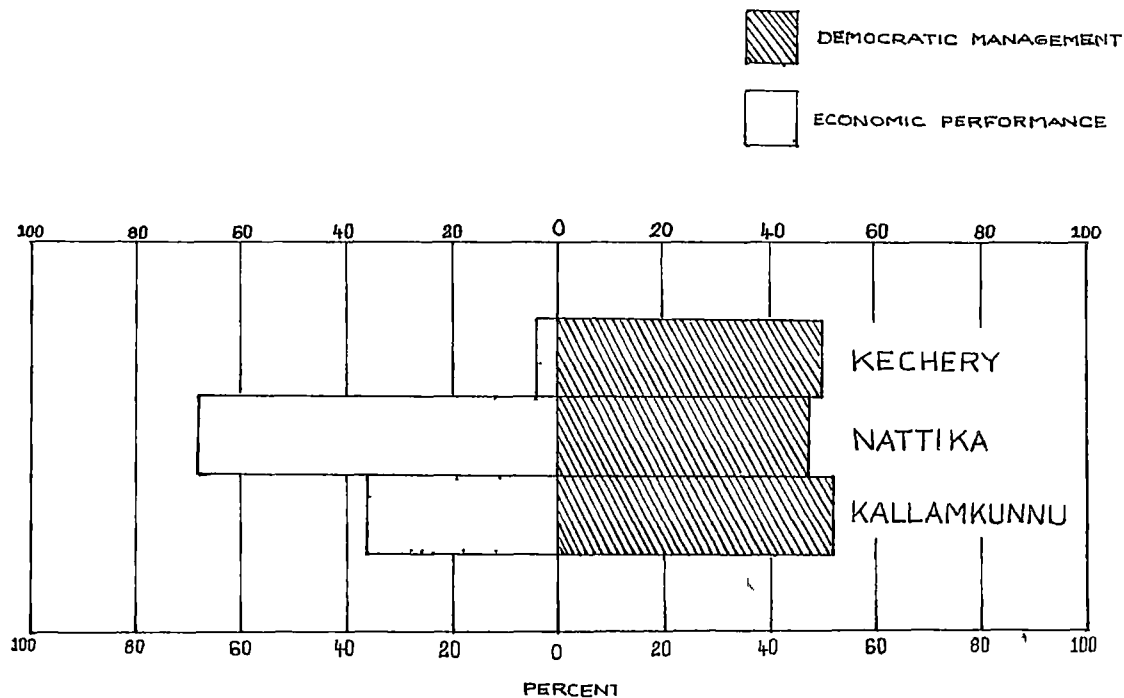
Table 5 40 Democratic management V/s Economic performance

Rank	Democratic management	Economic performance
I	Kallamkunnu (52)	Nattika (68)
II	Kechery (50)	Kallamkunnu (36)
III	Nattika (48)	Kechery (4)

Figures in parentheses represent the indices secured

Combining the inferences of Table 5 38 and Table 5 39 Table 5.40 is drawn. The table presents the ranks of the societies based on their performance of democratic management and economic performance. It is evident from the table that in respect of democratic management the first, second and third ranks were secured by the Kallamkunnu, Nattika and Kechery societies respectively, whereas for economic performance the Nattika, Kallamkunnu and Kechery societies secured the first, second and third ranks respectively. It is observed that the Nattika society, which ranks first in economic performance, ranks third in democratic management; the Kallamkunnu society, with second rank in economic performance, ranks first in democratic management; whereas the Kechery society, with lowest economic performance, ranks second in democratic management.

FIG 53 DEMOCRATIC MANAGEMENT v/s ECONOMIC PERFORMANCE



Thus it can be inferred that there exists no relationship between democratic management and economic performance. But this finding cannot be generalized as the study was confined only to three societies.

5.4 Member behaviour and their relationship with managing committee

Membership of a cooperative society consists of persons who have needs which the cooperative society can fulfil by the service that it renders. Cooperatives are democratic organisations where every member is equal to every other member and every member is the owner of the cooperative enterprise. Members as owners of business come together discuss how a common economic service can be organised to meet their felt needs and come to some practical conclusions and decisions. This is the method of cooperative democracy. But as the membership grows and the business becomes more diversified and complicated and when the members find themselves preoccupied with the chores of their own daily life the members delegate powers to their representative body called the Board of Directors. In this section an attempt is made to study the behaviour of members and their relationship with the elected representatives. Members behaviour and their relation with the Board is studied in respect of members participation in

decision making, participation in business interest in the affairs of their society members general response and interactions with the Board

5 4.1 Participation in decision making

The ultimate authority in all matters relating to the administration of the society is the General body of members. The participation in the general meetings and the election of an able and efficient committee are major means by which they can protect their interests and ensure efficient management. It is through the general meetings that members review the policies of the committee and evaluate their performance. They should participate in the meetings and discuss things freely and frankly. This requires adequate provision of information to members and a critical evaluation of the available information.

Table 5 41 gives the extent of member participation in decision making. In case of attendance in general body meeting the number of borrowing members who were regularly attending the general body meeting were three (15 per cent) for Vechery Society four each (20 per cent) for Nattika and Kallamkundu societies. The number of non borrowing members regularly attending were one (6 67 per cent) and two (13 33

per cent) for Kechery and Nattika societies respectively. None of the non-borrowing members of Yallamkunnu society was regular. Majority of both borrowing and non borrowing members attended the general body meeting casually.

With respect to the participation in discussion the number of borrowing members who participated were five (25 per cent) seven (33 per cent) and four (20 per cent) for the Kechery Nattika and Kallamkunnu societies respectively. The number of non-borrowing members who participated was two (13.33 per cent) for Kechery two (13.33 per cent) for Nattika and three (20 per cent) for Kallamkunnu societies.

The level of participation of members in the deliberations of the general body meeting depends on the quantum of information available and the level of preparation to participate. Of the total 20 borrowing members in Kechery society only four (20 per cent) studied the audit reports and the proposed budgets presented to them. Only five (33.33 per cent) borrowing members from Nattika society and one (6.66 per cent) from the Kallamkunnu society came prepared. The number of non-borrowing members who came prepared was two (13.33 per cent) for Kechery society and one (6.66 per cent) for both Nattika and Kallamkunnu societies.

Table 5 41 Members' participation in decision making

Particulars	Kec		Nat		Kal	
	BM	NBM	BM	NBM	BM	NBM
Attendance in General Body meeting	R-3 C-13 A-4	1 13 1	4 11 5	2 13 0	4 12 4	0 15 0
Participation in the discussion	5	2	7	2	4	3
Preparation to participate	4	2	5	1	1	1
Voting in elections	14	12	12	13	10	14

R - Regular

C - Casual

A - Absent

Election is the method adopted to constitute the Board of management. An attempt is made to study the extent of member involvement in the electoral processes. It is clear from the study that the involvement of non-borrowing members is more than the borrowing members. 12 (80 per cent) of non borrowing members of Kechery society, 13 (87 per cent) from Nattika society and 14 (93 per cent) from Kallamkundu society participated in the election processes whereas the number of borrowing members who participated in the elections was only 14 (70 per cent), 12 (60 per cent) and 10 (50 per cent) from the Kechery, Nattika and Kallamkundu societies respectively.

5.4.2 Participation in business

The main purpose for which persons join a cooperative is to use its services in order to improve their condition and the cooperative exists not for its own sake but for rendering services to its members. So the member of a cooperative is expected to patronise it by participation in its business. Business participation in an agricultural credit society includes contribution of additional share capital, depositing surplus funds, borrowing from the cooperative, using its supply services, persuading persons to join the society and participation in other activities like chitty marketing etc.

Table 5 42 Members participation in business

Particulars	KEC		NAM		KAL	
	BM	NBM	B 1	NBM	BM	NBM
Deposits	13	12	17	12	16	13
Share capital	20	1	20	5	20	3
Availing credit	20	--	20	--	20	-
Availing agricultural inputs	11	9	7	10	10	11
Participation in other activities	9	11	13	7	14	13
Persuading persons to join the society	6	3	4	2	7	1

Table 5 42 reveals the extent of participation in business by both borrowing and non-borrowing members. The number of borrowing members who deposited their surplus was 13 (65 per cent) for Kechery, 17 (85 per cent) for Mattika and 16 (80 per cent) for Kallamkunnu societies. The non-borrowing members who deposited their surplus were 12 (80 per cent) each for Kechery and Mattika societies and 13 (87 per cent) for Kallamkunnu society.

All the borrowing members of the three societies contributed additional share capital, whereas only 1 (7 per cent), 5 (33 per cent) and 3 (20 per cent) non-borrowing members of Kechery, Mattika and Kallamkunnu societies respectively contributed additional share capital. This can be ascribed to linking of capital to borrowings.

The share of borrowing members was cent per cent in respect of credit availed, whereas none of the non-borrowing members had availed of any credit for the last five years.

Primary agricultural credit societies provide agricultural inputs like seeds, fertilizers, pesticides and other agricultural implements to the members to undertake as well as to improve their farming operations. The number of borrowing members who availed of these facilities was 11 (55 per

cent) 7 (35 per cent) and 10 (50 per cent) for Kechery Nattika and Kallamkunnu societies respectively whereas the number of non-borrowing members was 9 (60 per cent) 10 (67 per cent) and 11 (73 per cent) respectively for the three societies

Agricultural credit societies apart from providing credit and other agricultural implements perform various services for the common good of its members. The services include chitty procurement of agricultural produce of its members supply of provisional requirements supply of controlled cloth etc. The number of borrowing members availing of these facilities was 9 (45 per cent) for Kechery 13 (65 per cent) for Nattika and 14 (70 per cent) for Kallamkunnu societies. The number of participating non-borrowing members was 11 (73 per cent) 7 (47 per cent) and 13 (87 per cent) respectively for the three societies.

The members' interest in persuading their friends and relatives to become members in their cooperative society was also examined. Only 6 (30 per cent) borrowing members from Kechery society 4 (20 per cent) from Nattika and 7 (35 per cent) from Kallamkunnu society had this interest. The number of non-borrowing members who persuaded persons to become members in their cooperative society for these three societies were 3 (20 per cent) 2 (13 per cent) and 1 (6.6 per cent) respectively

5 4.3 Members interest in the affairs of the society

Cooperatives are organised by those who need certain services which are either not provided or not upto the satisfaction of those who need the services. Thus the interest of the members in the affairs of their society highlights their attitude and loyalty towards their organisation. Members interest was studied based on the level of member knowledge of the structure and working of their society, interest in inspecting books and accounts, vigilance in utilization of loans by fellow members, frequency and purpose of visit to society, repayment pattern of loan and general interest in the affairs of their society.

Table 5 43 highlights the level of members interest in the affairs of their society. Being members of a cooperative society they should know why their own cooperatives were organised, what are their goals, what are their constitution and method of working, what are their rights, privileges and powers, what benefits they derive from their society etc. If a member has genuine interest, he will be interested in knowing the structure of his society. The study revealed that only 1 (5 per cent), 3 (15 per cent) and 1 (5 per cent) borrowing members of Kechery Natika and Vallamkundu societies respectively had knowledge about the structure and working of

their cooperative society. The number of non-borrowing members was 2 (13 per cent), 6 (40 per cent) and 5 (33 per cent) respectively for the three societies.

Active members will be interested in inspecting the books and accounts of their society. This to a great extent depends on the level of knowledge of the structure and working of the society. Only 2 (5 per cent) borrowing members and one each from Kechery and Nattika societies had ever inspected the books of their society.

The members who identify themselves with their cooperative will be vigilant in watching the use of loans by their fellow members. Only 5 per cent of borrowing members each from Kechery and Kallamkunnu societies and 15 per cent from Nattika society were vigilant. None of the non-borrowing members had any interest in this respect.

Members' interest and frequency of visit to their society can be closely related. Of the sixty borrowing members of the three societies, four members each from Kechery and Nattika societies were regular visitors, whereas it was three in case of Kallamkunnu society. Majority of both borrowing and non-borrowing members visit their society casually. The study of the purpose of visit revealed that

majority of borrowing members 14 (70 per cent) 15 (80 per cent) and 17 (85 per cent) from Kechery Nattika and Kallamkunnu societies respectively visited to avail of credit and other facilities Whereas the purpose of visit of 13 (87 per cent) 11 (73 per cent) and 9 (60 per cent) non-borrowing members of Kechery Nattika and Kallamkunnu societies respectively was to participate in the election

The success of a credit society depends on the prompt repayment of loans by its borrower-members Only 10 per cent of borrowing members of Kechery and Nattika societies and 25 per cent of borrowing members of Kallamkunnu society repaid the loans as per schedule

Active members with genuine interest in the success of their cooperative will suggest measures to improve the overall performance of their society Only 2 borrowing members one each from Kechery and Nattika society had made any suggestion whereas, no borrowing member from Kallamkunnu society had made any suggestion The picture of non-borrowing members too is not a different one where two members one each from Kechery and Kallamkunnu society had made suggestion to improve the affairs of their society.

Table 5 43 Members interest in the affairs of the societies

Particulars	KEC		NAT		KAL	
	BM	NBM	BM	NBM	BM	NBM
Knowledge of structure and working	1	2	3	6	1	5
Inspecting books & accounts	1	0	1	0	0	0
Vigilance in loan utilization by other members	1	0	3	0	1	0
Frequency of visit to society	R-4 C-16 A-0	1 14 0	4 16 0	0 15 0	3 17 0	2 13 0
Purpose of visit	i-14 ii-06	ii-13 iv-02	i-16 ii-04	ii-11 iv-04	i-17 ii-03	ii-9 iv-6
Repayment pattern	02	--	02	--	05	--
Suggestions made to improve the society	01	01	01	Nil	Nil	01

R - Regular

C - Casually

A Absent

i - Avail credit

ii - Vote in election

iv - Avail other service

5 4 4 General response of members

In this section an attempt is made to study the general response of the members with respect to various matters touching the operation of their cooperative members responses regarding government intervention political intervention capital contribution and nomination by government panel system of election liquidation of the society and writing off of debts etc were studied

Table 5 44 gives a general picture of member response to the various questions. Autonomy is an inherent feature of a cooperative association. A cooperative institution is more than a group or action in common it presupposes free and responsible persons who in full exercise of their autonomy have voluntarily joined together. In India cooperatives being a sponsored movement, the role of Government in the development of the movement is very significant. Regarding government intervention in the affairs of their society 8 borrowing members of Kechery society 9 from Nattika society and 10 from Kallamkunnu society favoured whereas only 4 non-borrowing members from Nattika society and 2 from Kallamkunnu society favoured. None of the non borrowing members of Kechery society favoured government intervention.

Table 5.44 General response of members

Particulars	KEC		NAT		KAL	
	BM	NBM	BM	NBM	BM	NBM
Government intervention	8	0	9	4	10	2
Political intervention	15	14	12	15	15	14
Capital contribution by government	15	14	15	15	18	15
Nomination by government	3	0	2	0	2	0
Panel system of election	14	10	11	10	11	13
Liquidation of the society	1	0	2	0	2	2
Writing-off of debts by the society	Y-8 N-1 NI-11	5 3 7	10 6 4	9 3 3	8 2 10	11 2 2

Y - Yes,

N - No

NI - No Idea

Cooperatives are considered as religiously and politically neutral organisations. But the present scenario is that of political domination in the affairs of cooperatives. The response of members in respect of political intervention is that majority of the borrowing as well as non-borrowing members favoured political intervention. The same was the response regarding panel and party based election. 14 (70 per cent) and 11 (55 per cent) each borrowing members of the Kechery Nattika and Vallamkunnu societies respectively opined that they were satisfied with the panel system of election. The share of non-borrowing members was 10 (67 per cent) each for Kechery and Nattika societies and 13 (87 per cent) for Vallamkunnu society.

The sample borrowing and non-borrowing members were asked about their response on capital contribution by Government. Majority of members favoured contribution of capital by government. At the same time when the government contributes towards the capital, it has to see that the resources are utilized efficiently and effectively. Thus the nomination to the Board by the Government was considered necessary. But at present in Kerala this section has been amended and there is no government nominee on the Board. To the question whether they favour nomination by government on the board of their cooperatives, 3 borrowing members from

Kechery society and 2 members each from Nattika and Kallamkunnu society favoured government nomination on the Board whereas no non-borrowing members of the sample societies favoured government nomination

The sample members were asked whether they favour liquidation of their society. This was to measure their attitude towards their cooperative. Members with a we-feeling and felt-need for their cooperative will never favour liquidation. Only one borrowing member from Kechery society and two each from Nattika and Kallamkunnu society favoured liquidation whereas two non-borrowing members from Kallamkunnu society alone favoured liquidation.

The success of a credit cooperative depends on the prompt repayment of loans along with the interest by its borrowing members. The government policy to write-off debts of the society will in the long-run affect the financial base of the society and the members who repay the loans as per schedule will think twice before repayment. To the question whether you favour writing-off of debts eight (40 per cent) borrowing members each of Kechery and Kallamkunnu societies and 10 (50 per cent) from Nattika society favoured writing off of debts whereas only one (5 per cent) borrowing member from Kechery six (30 per cent) from Nattika and two from

Kallamkunnu societies were against writing off of debts. The number of non-borrowing members who favoured writing off was five (33 per cent) nine (60 per cent) and 11 (73 per cent) for Kechery Nattika and Kallamkunnu societies respectively whereas three non-borrowing members each from Kechery and Nattika societies and two from Kallamkunnu society did not favour writing-off

5 4 5 Interaction of members with Board members

In this section the interaction of ordinary members with the board members is studied. The members were asked to give their response to various questions to test the extent of interaction with their representatives.

Table 5 45 Interaction of members with managing committee members

Particulars	KTC		NAT		KAL	
	BM	NBM	BM	NBM	BM	NBM
For sanction of loans	11	--	8	-	17	--
To avail facilities other than credit	12	2	10	5	11	3
Other than in formal meeting	4	1	6	2	3	1
To solve individual problem	12	14	11	8	14	9
To solve group problems	5	1	1	2	3	2

Table 5.45 furnishes the extent of member relation with the Board of Directors. The study revealed that majority of members approached the Board only for sanction of loans and to avail of facilities other than credit. The borrowing members who approached the Board for sanction of loans were 11 (55 per cent), eight (40 per cent) and 17 (85 per cent) for Kechery, Nattika and Kallarkunnu societies respectively. The non-borrowing members who approached the Board members to avail of facilities other than credit was only two (13 per cent), five (33 per cent) and three (20 per cent) respectively for the three societies.

The interaction of members with the board members other than in formal meeting was very low. The number of borrowing members who interacted with board members was four (20 per cent), six (30 per cent) and three (15 per cent) for Kechery, Nattika and Kallarkunnu societies respectively, whereas the number of non-borrowing members for the 3 societies is one (7 per cent), two (13 per cent) and one (7 per cent) respectively.

Members' interest in solving problems, both individual as well as group - was studied to ascertain the members' involvement and commitment in the affairs of the society as well as towards their fellow members. For cooperatives are considered as organisations for the common good of the members along with

the betterment of the society. The study revealed that majority of borrowing as well as non-borrowing members approached the Board to solve their individual problems. The number of borrowing members was 12 (60 per cent), 11 (55 per cent) and 14 (70 per cent) for Kechery, Nattika and Kallamkunnu societies respectively, whereas the number of non-borrowing members for the three societies was 14 (93 per cent), eight (53 per cent) and nine (60 per cent) respectively. As against this, the members who approached the board members to solve a common problem touching the members and the society as a whole were very few. The borrowing members who approached the board for a common problem were five (25 per cent) for Kechery, one (5 per cent) for Nattika and three (15 per cent) for Kallamkunnu societies respectively. The share of non-borrowing members was one (7 per cent) for Kechery society and two (13 per cent) each for Nattika and Kallamkunnu societies.

Thus, the study on members' behaviour and their relationship with managing committee revealed that the members who attend and participate in general body meetings are very few, whereas the non-borrowing members were more interested in the electoral processes. Though the members deposit their surplus and avail of other facilities provided by the society, the members who persuade their friends and relatives to join

their cooperative as well as those who are vigilant in the loan utilization by the fellow members were meagre. Due to the low level of knowledge in the working and structure of the society the number of members who utilizes their rights and privileges and those who repay the loans according to the repayment schedule is very small. Majority of members were against government intervention in the affairs of their societies but they favoured capital contribution by the government. At the same time majority of the members favoured political intervention. Regarding writing-off of debts only a few members were against this. It was found that the members approached the managing committee members mainly for sanction of loans and for other personal benefits.

Thus it can be inferred that the borrowing members consider cooperatives as an agency for getting funds whereas the non-borrowing members are interested only in the electoral process. It was observed that except a few majority of the members lack the we-feeling and the sense of belongingness towards their cooperative. Members interaction with the committee members was restricted to gain personal benefits.

SUMMARY

CHAPTER VI

SUMMARY

The study on democratic management practices in Primary Agricultural Credit Societies in Trichur district was conducted with the objective of identifying the key factors affecting democratic values and organizational efficiency to examine the relationship between the key factors of democratic management and economic performance and to study member behaviour and their relationship with managing committee.

The Trichur district was selected for the study due to proximity. Three primary agricultural credit societies viz. Kechery Nattika and Kallamkunnu were selected for study on the basis of average membership and volume of business

The sample frame of members covered in the study consists sixty borrowing members and forty five non-borrowing members. Twenty six (cent per cent) of the committee members and twenty paid employees were selected for the purpose of the study. The attenders and store keepers were completely excluded while covering the employees

Primary and secondary data were used for the study. Primary data were collected from the members Board of Directors

and paid employees with the help of a pre tested structured schedule and also from the minutes books of General Body and Director Board Meetings. Secondary data were collected from audit reports and other published records. Statistical tools such as Ratio analysis, median percentages, one way classification technique, correlation and indices were used for the study.

6.1 Key factors of democratic values

The study revealed that the extent of members participation in the democratic process was very meagre. It was observed that none of the sample societies had convened General Body meeting annually. During the ten year reference period, the Kechery and Nattika society had convened only three meetings whereas the Kallamkundu society had convened six meetings. The percentage of members attending the meeting was found to be low (15.52 per cent to 39.34 per cent). This indicates the degree of member apathy.

The study on the nature of membership revealed that of the 105 sample members only 27 joined voluntarily. The study further revealed that the democratic participation of members who joined voluntarily was higher than those who joined non voluntarily.

The study observed that democratic participation and business participation is positively correlated

It was observed that majority (45 per cent) of the members had a low level of knowledge in cooperation. It was found that democratic participation increases with an increase in the level of knowledge.

The study revealed that democratic participation and members' knowledge in the structure and working of the cooperatives are related. The average democratic participation tends to increase with members level of knowledge

It was observed that majority (50 per cent) of the members were not satisfied with their society. The study revealed that a relationship exists between democratic participation and level of satisfaction and that democratic participation increase with an increase in the level of satisfaction

The study revealed that 51 per cent of the members were in the low identification group. The study further observed that member identification and democratic participation is correlated and that democratic participation increases with an increase in the level of member identification

It was observed that democratic participation tends to increase with an increase in the educational status. The study

revealed that democratic participation and education level of members is correlated.

The study revealed that social participation of members has a relationship with democratic participation. The average participation of members associated with other organisations were higher than that of the non-associates

The study observed that no relationship exists between the dependent variable i e , democratic participation and the independent variables, such as, age occupation distance from the residence to the society period of membership share-holdings and economic status, for the ordinary members but for the committee members the correlation coefficient is significant. But a generalisation cannot be drawn for, the committee is the decision making body and hence the members are involved in the democratic process irrespective of other factors

Thus the findings of the study leads to the conclusion that members business participation member identification member satisfaction members knowledge of co operation, knowledge of one's own society social participation voluntary membership and educational level of members are the key factors affecting democratic participation.

6.2 Key factors of organisational efficiency

The study on leadership pattern revealed that by and large middle-aged educated non-agriculturist males with high economic status and political affiliation along with high business and democratic participation constituted the committee members of the sample societies.

The study on member satisfaction observed that majority of the members were either in medium/low satisfaction category. With respect to job satisfaction, it was observed that an equal per cent (40 per cent each) of the employees were in the satisfied and partially satisfied category.

The study revealed that though the membership coverage increased except for the Kechery society, the percentage share of weaker section members to total members declined over the period under study.

The study revealed that around 75 per cent of the total working capital was contributed by deposits and the rest were from borrowings share capital and reserves. The comparison of actual performance with the expected standard in respect of efficiency in attracting deposits it was found that Kallamkundu society has an edge over the other two societies. It was also observed that the Kallamkundu and Nattika societies could reduce their dependence on the apex financing organisation.

The study on the efficiency of funds mobilization by the societies revealed that though the cost of funds mobilized increases over the period under study, it was found that the Kallamkunnu society is efficient than the other two societies in mobilizing funds

The study on the efficiency of fund management revealed that on an average 73 per cent of the working capital is channelized as loans. The comparison of actual performance with the expected standard revealed that Kechery and Nattika societies are efficient than the Kallamkunnu society in funds deployment.

The study on the overdue position revealed that though in absolute figures the overdues increased for the three societies, the overdues as a percentage to demand declined for the Kechery and Nattika societies whereas an increase was witnessed for Kallamkunnu society. It can be judged from the study that the Kechery society is efficient than the other two societies in reducing the overdues as a percentage to demand

The study on the efficiency of the cost-revenue management revealed that the Kechery and Nattika societies are efficient than the Kallamkunnu society

The study revealed that none of the sample societies are operating in surplus. The sample societies had earned gross profit during the period under study but the magnitude of net loss nullified the effect. The magnitude of loss is highest for the Kechery society (Rs.3 67 lakh) followed by the Kallamkunnu society (Rs 1.71 lakh) and it is least for Nattika society (Rs 1 23 lakh) during the year 1988-89

Thus it can be inferred that the efficiency of the sample societies is influenced by the efficiency in credit deployment funds mobilization cost of management, overdue position member satisfaction and leadership pattern

6.3 Democratic management and economic performance

The study revealed that the indices for democratic management range between 28 and 68. The index was maximum for business participation and minimum for voluntary membership. It was observed that for five variables viz voluntary membership participation in business knowledge of cooperation knowledge of structure and working of one's own society and member identification the indices of the Kallamkunnu society fall above the mean whereas for member satisfaction it is the index of the Kechery society which fall above the mean. None of the indices of Nattika society fall above the mean. Thus the Kallamkunnu society with five

favourable variables is ranked first followed by Kechery and Nattika societies in the second and third position respectively

It is observed that in respect of economic performance the Nattika Society with the maximum points 17 (68 per cent) ranks first, the Kallamkunnu society with 9 (36 per cent) points ranks second and the third place is to the Kechery society with 1 (4 per cent) point

The study revealed that the Nattika society which ranks first in economic performance ranks third in democratic management whereas the Kallamkunnu society with second rank in economic performance ranks first in democratic management, At the same time the Kechery society with lowest economic performance ranks second in democratic management Thus it can be inferred that no relationship exists between democratic management and economic performance.

6 4 Member behaviour

The study revealed that the number of members attending and participating in the discussions in the general body meeting regularly were very meagre The reason for this low level of participation was that only a very few members (13 per cent) went prepared to attend the meetings The study further observed that majority (87 per cent) of the non-borrowing

members were interested in the electoral processes and their participation in election was greater than the borrowing members

The study revealed that majority (79 per cent) of the members deposited their surplus funds in the cooperative. But this trend was not seen for contribution of additional share capital where it was observed that when all borrowing members contributed additional share capital the percentage of non-borrowing members were 20. This can be ascribed to linking of capital to borrowings. It was also found that only a few members had persuaded their friends and relatives to become members of their cooperative.

The study revealed that only 17 per cent of the members had knowledge of the structure and working of their cooperative. This was reflected in the non-utilization of their rights and privileges by the members. With respect to the purpose of visit, it was found that for 78 per cent of the borrowing members it was to avail credit whereas for 73 per cent of non-borrowing members the purpose was to participate in the elections. It was also observed that majority of the members were not punctual in repaying the loans availed by them.

The response of the members on capital contribution and nomination by the Government was interesting. The study revealed that when 88 per cent of the members favoured capital contribution by the members only 12 per cent of the borrowing members favoured government nomination. None of the non-borrowing members favoured government nomination. The study observed that majority of the members were satisfied with the present electoral process. It was found that 51 per cent of the members favoured writing off of debts. This can be ascribed to the low level of member identification.

The study on members interaction with the committee members observed that majority (68 per cent) of the members approached the committee members either for sanctioning of loans or for getting priority in availing the services rendered by the society. The interaction of members with the committee members other than in formal meetings was found to be low. It was also found that just 13 per cent of the members approached the committee for discussing on common problems of the society.

Thus it can be inferred that members view the cooperatives as an agency for getting funds and majority of the members lack the 'we-feeling' and the sense of ownership. Their interaction with committee members was restricted to gain personal benefits.

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APPENDICES

Appendix - I

Number of ordinary PACS registered between 1969 & 1979

Regn No	Name of the Society	Date of Regn	Taluk
R 305	Edamuttam S.C.B	21 05 1969	Chavakkad
R 308	Nattika S C.B	07 06 1969	Chavakkad
R 286	Kechery S C.B	27 06.1969	Thalappilly
R 311	Edathiruthy Kissan S C B	02 05.1970	Kodungallur
R 314	Kallamkunnu S.C.B	20.03 1971	Mukundapuram
R. 321	Ala S.C B	17 12 1971	Kodungallur
R. 339	Iranikulam Thirumulkulam S.C.B	18 07 1973	Mukundapuram
R 460	Nellai Parappukkara S.C B	30 03 1976	Mukundapuram
R. 677	Mullurkkara Village S C.B	26 12 1977	Thalappilly

Source Office of Joint Registrar Trichur

Appendix - II

Membership of the PACS registered between 1969 and 1979

Name of Society	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89
Edamuttam	1686	1817	2000	2249	2578	2980	3227	3240	3676	3903
Nattika	1927	2458	2827	3128	4329	4680	4978	5437	5761	5873
Kechery	1061	1183	1334	1372	1391	1438	1470	1535	1815	1907
Edathiruthy	1269	1555	1768	2043	2169	2294	2556	2606	2944	3108
Ala	1953	2797	3081	3305	3522	3722	3833	4116	4447	4693
Iranikulam	1095	1125	1393	1479	1575	1501	1603	1718	1700	1725
Kallamkunnu	1480	1723	1903	2232	2452	2739	2955	3187	3779	4056
Nellai	1261	1374	1517	1636	1786	1936	2077	2184	2693	2926
Mullurkkara	1027	1301	1462	1558	1867	2037	2136	2627	2692	2776

Source Audit Reports

Appendix - III

Volume of business of the PACS registered between 1969 and 1979

(Amounts in rupees lakh)

Name of the Society	1979-'80 to 1988-'89			Total
	Deposits	Loans	Borrowings	
Edamuttam	110.67	124 27	56 66	291.60
Nattika	117.05	138.18	44 89	300.12
Kechery	203 60	276.71	113.86	594 17
Edathiruthy	84.64	106.33	53 40	244 37
Ala	114.39	177.41	107.14	398.94
Iranikulam	8.83	55.26	55 07	119.16
Kallamkunnu	140.24	145 90	58.78	344.92
Nellai	67.48	176.45	151 58	395.51
Mullurkkara	38.37	98.14	112 35	248.86

Source Audit Reports

Appendix - IV

PACS arranged in the descending order of average membership and volume of business

(Amounts in rupees lakh)

Name of the Society	Membership (\bar{X})	Name of the Society	Volume of Business (\bar{X})
<u>Nattika</u>	<u>4140</u>	<u>Kechery</u>	<u>59.42</u>
Ala	3547	Ala	39.84
Edamuttam	2735	Nellai	39.55
<u>Kallamkunnu</u>	<u>2650</u>	<u>Kallamkunnu</u>	<u>34.49</u>
	2459		32.63
Edathiruthy	2231	<u>Nattika</u>	<u>30.01</u>
Mullurkara	1948	Edamuttam	29.16
Nellai	1939	Mullurkkara	24.87
Iranikkulam	1491	Edathiruthy	24.44
<u>Kechery</u>	1450	Iranikkulam	11.92
TOTAL	22131	TOTAL	293.70

$$\bar{X} = \frac{\sum X}{n}$$

$$\bar{X} = \frac{22131}{9} = \underline{\underline{2459}}$$

$$\bar{X} = \frac{293.70}{9} = \underline{\underline{32.63}}$$

Appendix V

KERALA AGRICULTURAL UNIVERSITY
College of Cooperation and Banking

SCHEDULE FOR MEMBERS

SCHEDULE M₁

1	Name	3	M/F
2	Address	4	Age
		5.	SC/ST/Others
6	Educational status		Illiterate/Primary/Upper Primary/ Secondary/Collegiate
7	Occupation		Agriculture/Agricultural labourer/ Business/Government servant/ Professional/Others/No work
8	Annual income		< Rs 2000/Rs 2001-3000/ Rs 3001 - 4000/Above Rs 4000
9	Year of joining the society		
10	Reasons for joining the society		To avail credit facilities/Motivated by members of the society/Motivated by family members/Own decision/ Motivated by Board members/Others (specify)
11	PARTICIPATION IN DECISION-MAKING		
a	Attendance in the general body meeting		Regular/Occasional/Irregular/ Absent
b	Reason for not attending the general body meeting		Distance/Lack of time/Lack of interest/Illness/No notice/Out of station

c Do you express your views in the general body meeting Yes/No

d Did you get enough opportunity to discuss your problems in the meeting Yes/No

If No, what are the hindering factors

(1)

(11)

e Did you receive the notice of the general body meeting in time Yes/No

r Did you study the audited accounts and the budget presented to you Yes/No

g Do you visit the society to collect information about the society Yes/No

h. If yes, did the officials provide the required information Yes/No

i Did you vote in the last election Yes/No

12 PARTICIPATION IN THE BUSINESS

a Number of shares held

At the beginning

At present

b Do you deposit your savings with the society Yes/No

If No, specify the reason

Unsecure/Low quality of service/Low rate of interest/Long distance to the society /Others

c Had you availed any loan from the society Yes/No

If yes,

(1) Amount borrowed

(11) Year of borrowing

(111) Amount repaid

If No, specify the reason

Delay in sanction/Inadequate amount/Adequate owned funds/
unplanned repaying schedule/Availability of loans from
other agencies on easy terms/others

d Do you avail loans from institutions other than your cooperative society Yes/No

If yes, reasons for borrowing from other sources

(1)

(11)

e Do you give any security for such loans Yes/No

f State the sources for your borrowings (other than your cooperative society) Friends/Relatives/Money lenders/Commercial banks

g how do you market your products

h Do you want the society to market your product Yes/No

If No, specify the reason

(1)

(11)

i Did you persuade anyone to join your society • Yes/No

j Did you participate in the deposit mobilisation campaign • Yes/No

k Did you avail the agricultural inputs supplied by the society Yes/No

13 KNOWLEDGE OF STRUCTURE AND WORKING OF ONE'S OWN SOCIETY

a Do you know what a bye-law is Yes/No

b Have you read the bye-law of your society • Yes/No

- c Are you not interested in going through the bye-law Yes/No
- d Can you list atleast 3 objects of your society Yes/No
 - If Yes,
 - (1)
 - (11)
 - (111)
- e Do you have any idea of your liability to the debts of your society Yes/No
- f List out atleast 3 sources of funds of your society
 - (1)
 - (11)
 - (111)
- g How does your society conduct elections Panel/Open
- h How is the surplus of your society distributed
- i Who manages your Cooperative
- j To whom is the managing committee liable Members/Government/
President /No Liability

14 KNOWLEDGE OF COOPERATION

- a What is the purpose of cooperation
- b Who framed the bye-law Government/B O D/
President/Members
- c. To whom does the cooperative belong Government/B O D /
President/Members
- d What is the difference between cooperative enterprise and private business

- X
- | | | |
|---|---|---|
| e | Who decides the distribution of net surplus | Government/B O D /
President/Members |
| f | With whom does the ultimate authority of the cooperative rests | Government/B O D /
President/Members |
| g | Can you list atleast two powers of the general body | Yes/No |
| | If Yes, | |
| | (1) | |
| | (11) | |
| h | Who are eligible for attending the general body meeting | |
| i | State the basis on which the voting rights of the members in the general body meeting is determined | |
| j | Who appoints the managing committee | Government/President/
Members |

15. MEMBER IDENTIFICATION

- | | | |
|---|--|--|
| a | To whom does your local cooperative belong | President/B O D /Govern-
ment/Members |
| b | Are you interested in knowing the affairs of your society | Yes/No |
| c | Do you think that it is necessary that members should repay their loans promptly | Yes/No |
| d | Are you vigilant on the utilisation of loans availed from the society by a fellow member | Yes/No |
| e | Do you inspect the books and accounts of the society | • Yes/No |
| f | Do you favour writing-off of debts | • Yes/No |

16 MEMBER SATISFACTION

- | | | |
|---|---|--|
| a | Does the society meet your entire credit requirements | • Yes/No |
| | If No, specify the other sources | Commercial Banks/Private
Money lenders/Friends/
Relatives/Owned Fund |

- b Does the society provide the credit in time Yes/No
- c Does the society meet your requirements (other than credit) yes/No
 If No How do you meet your requirements specify
 (1)
 (11)
- d Does the society provide the required agricultural inputs adequately and promptly Yes/No
- e Do you expect any additional services Yes/No
- f Is the repayment schedule planned according to the time of harvest Yes/No
- g Does your society provide attractive returns on your deposits Yes/No
- h Are you satisfied with the services of the paid executives Satisfied /Partially satisfied/not satisfied
- i Are you satisfied with the present procedure of conducting elections Satisfied/Partially satisfied/Not satisfied
- j Did you vote in the last election Yes/No
 If No state the reason Distance/Lack of time/No interest/Illness/No notice/Out of Station
- k Do you favour liquidation of the society Yes/No
 If Yes, state the reason

17 AUTONOMY OF COOPERATIVES

- a Do you favour Government intervention in the affairs of the society • Yes/No

- X1
- b Do you favour political intervention Yes/No
- c Do you favour contribution of capital by the Government Yes/No
- d Do you favour nomination by the Government on the Board Yes/No
- e Shall we keep politics away from a cooperative Yes/No
- f Do you feel the dominance of any group in decision-making Yes/No
- If yes, state the group
- 18 Frequency of visit your society Regular/Occasional/Irregular
- 19 Purpose of visit to your society To avail credit/Attend meeting/participate in election/avail other facilities/others
- 20 Approximate distance from your residence to your society
- 21 Member relation with Managing Committee
- a Do you approach the Board members for the sanction of loans Yes/No
- b Do you interact with the Board members other than in formal meetings Yes/No
- c Do the Board members have a bias towards certain groups Yes/No
- d Do the members of the managing committee find time to hear to your grievances Yes/No
- e Do you approach the Board members to avail any facilities/services (other than credit) rendered by the society Yes/No

- f Do you make any suggestions
(other than in formal meetings)
for the common good of the
members of the society • Yes/No
- 22 Do you have membership in other
local bodies : Yes/No
- If Yes, specify • Clubs/Panchayat/Charitable
organisation/Others

KEPALA AGRICULTURAL UNIVERSITY
College of Cooperation and Banking

SCHEDULE FOR DIRECTORS

Schedule D₁

- | | | | |
|----|---|-------|--|
| 1 | Name | 3 | M/F |
| 2 | Address | 4 | Age |
| | | 5. | SC/ST/Others |
| 6 | Educational status | | Illiterate/Primary/
Upper Primary/Secondary/
Collegiate |
| 7 | Occupation | | Agriculturist/Agricultural
labourers/Business/
Government servant/
Professional/Others/
No work |
| 8 | Economic status | | |
| | (a) Land owned | (b) | Annual income |
| | (i) Below 50 cents | (i) | Upto Rs 5000 |
| | (ii) 50 cents to 1 acre | (ii) | 5001 to Rs 15,000 |
| | (iii) Above 1 acre - 2 acres | (iii) | 15,001 to Rs 25,000 |
| | (iv) Above 2 acre - 3 acres | (iv) | 25,001 to Rs 35,000 |
| | (v) Above 3 acres | (v) | Above 35,000 |
| 9 | Year of joining the society | | |
| 10 | Reasons for joining the society* | | To avail credit facilities/
Influence of certain individuals/
Motivated by family members/
Motivated by Board members/
Own decision/Others (specify) |
| 11 | When were you first elected to the Board (Year) | | |

12 Specify the factor influenced you to compete for election

13 Number of years since you are a member of the Board

14 Are you associated with the activities of more than one cooperative society Yes/No

If Yes, give details

15 Do you have membership in other cultural/local bodies Yes No

If Yes, specify

16 Which of the following factors helped you in achieving your present position • Education & Training/Social Service/Caste/Family background/ Political affiliation/Occupation/ Initiative taken to improve the society/Others

17 PARTICIPATION IN DECISION-MAKING

a Attendance in Board meeting Regular/Casual/Absent

If No state the reason

Distance/Lack of time/Lack of interest/Illness/Out of Station/ No Notice

b Do you participate in the deliberation of the Board meetings Yes/No

c Do you get enough opportunity and time to express your views in the Board meeting • Yes/No

If No, state the hindering factor

d How are the decisions in the Board meeting taken Unanimous/Majority

e Do you visit the society to collect information regarding the functioning of the society Yes/No

18. PARTICIPATION IN THE BUSINESS

a Number of shares held

At the beginning
At present

b Do you deposit your savings with the society Yes/No

If No, specify the reason

Unsecure/Low quality of service/Low rate of interest/Long distance to the society/others

c Had you availed any loan from the society Yes/No

If yes,

(1) Amount borrowed

(11) Year of borrowing

(111) Amount repaid

If No, specify the reason

Delay in sanction/Inadequate amount/Adequate owned funds/
Unplanned repaying schedule/Availability of loans from other agencies on easy terms/others

d Do you avail loans from institutions other than your cooperative society Yes/No

If Yes, reasons for borrowing from other sources

(1)

(11)

e Do you give any security for such loans Yes/No

f State the sources for your borrowings (other than your cooperative society) Friends/Relatives/Money lenders/Commercial banks

g How do you market your products

- h Do you want the society to market your product Yes/No
- If No, specify the reason
- (1)
- (11)
- i Did you persuade anyone to join your society Yes/No
- j Did you participate in the deposit mobilisation campaign Yes/No
- k Did you avail the agricultural inputs supplied by the society Yes/No
- 19 KNOWLEDGE OF STRUCTURE AND WORKING OF ONE'S OWN SOCIETY
- a Do you know what a bye-law is Yes/No
- b Have you read the bye-law of your society Yes/No
- c Are you not interested in going through the bye-law Yes/No
- d Can you list atleast 3 objects of your society Yes/No
- If Yes,
- (1)
- (11)
- (111)
- e Do you have any idea of your liability to the debts of your society Yes/No
- f List out atleast 3 sources of funds of your society
- (1)
- (11)
- (111)
- g How does your society conduct elections Panel/Open

h How is the surplus of your society distributed

i Who manages your Cooperative

j To whom is the managing committee liable
Members/Government/
President/No liability

20 KNOWLEDGE OF COOPERATION

a What is the purpose of cooperation

b Who framed the bye-law
Government/B O D /
President/Members

c To whom does the cooperative belong
Government/B O D /
President/Members

d What is the difference between cooperative enterprise and private business

e Who decides the distribution of net surplus
Government/B O.D /
President/Members

f With whom does the ultimate authority of the cooperative rests
Government/B O D /
President/Members

g Can you list atleast two powers of the general body
Yes/No

If Yes,

(i)

(ii)

h Who are eligible for attending the general body meeting

i. State the basis on which the voting rights of the members in the general body meeting is determined

j Who appoints the managing committee
Government/President/
Members

21 MEMBER IDENTIFICATION

- | | | |
|---|---|--------------------------------------|
| a | To whom does your local cooperative belong | President/B O D / Government/Members |
| b | Are you interested in knowing the affairs of your society | Yes/No |
| c | Do you think that it is necessary that members should repay their loans promptly | Yes/No |
| d | Are you vigilant on the utilisation of loans availed from the society by a fellow member | Yes/No |
| e | Do you inspect the books and accounts of the society | Yes/No |
| f | Do you favour writing-off of debts | Yes/No |
| g | Do you take personal interest in improving the performance of the society | Yes/No |
| h | Do you consider it necessary to educate the ordinary members of their rights, duties and privileges | Yes/No |

22 MEMBER SATISFACTION

- | | | |
|---|---|---|
| a | Does the society meet your entire credit requirements | Yes/No |
| | If No, specify the other sources | Commercial banks/Private Money Lenders/Friends/Relatives/Own fund |
| b | Does the society provide the credit in time | Yes/No |
| c | Does the society meet your requirements (other than credit) | Yes/No |
| | If No, How do you meet your requirements specify | |
| | (1) | |
| | (11) | |

- | | | |
|---|---|--|
| d | Does the society provide the required agricultural inputs adequately and promptly | Yes/No |
| e | Do you expect any additional services | Yes/No |
| f | Is the repayment schedule planned according to the time of harvest | Yes/No |
| g | Does your society provide attractive returns on your deposits | Yes/No |
| h | Are you satisfied with the services of the paid executives | Satisfied/Partially satisfied/Not satisfied |
| i | Are you satisfied with the present procedure of conducting elections | Satisfied/Partially satisfied/Not satisfied |
| j | Did you vote in the last election | Yes/No |
| | If No, state the reason | Distance/Lack of time/No interest/Illness/No notice/Out of station |
| k | Do you favour liquidation of of the society | Yes/No |
| | If Yes, state the reason | |

23 AUTONOMY OF COOPERATIVES

- | | | |
|---|---|--------|
| a | Do you favour government intervention in the affairs of the society | Yes/No |
| b | Do you favour political intervention | Yes/No |
| c | Do you favour contribution of capital by the Government | Yes/No |
| d | Do you favour nomination by the Government on the Board | Yes/No |

e Shall we keep politics away Yes/No
from a cooperative

24 Purpose of visit to your society

To avail credit/To attend general body meeting and Board meetings/
To enquire about the activities/To avail other services

25 Approximate distance from your
residence to your society

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SCHEDULE FOR EMPLOYEES

Schedule E₁

1. Name of the Employee
2. Designation
3. Qualifications (General) SSLC/PDC/BA/B.Com /B Sc./MA/
M.Com /M Sc.
Additional H.D.C /J D C
4. Year of completion of Degree
5. Year of appointment
6. Have you been previously employed Yes/No
7. If Yes state the details
 - a. Name of the institution
 - b. Year of appointment
 - c. Monthly salary
7. The salary drawn at present (including all allowances)
8. Have you attended any training programme Yes/No
If Yes give details
 - a. Programme attended
 - b. Period of training
 - c. Institution which imparted the training

9. Do the bye-law of the society lay down the functions and responsibilities of the paid executives/employees Yes/No
- 10 Do you perform all the functions assigned to you according the bye-law Yes/No
- If no state the reasons for not performing all the functions
- 11 Does the Board interfere in the day to day affairs of the society Yes/No
12. Do the interference of the Board erode your efficiency and freedom Yes/No
- 13 Has the Board delegated any power to you Yes/No
- 14 Are you responsible for any of your acts performed based on the powers delegated Yes/No
15. Do you expect more freedom and power to perform your duties for the best of the society Yes/No
- 16 If more authority and freedom is given to you are you ready to undertake the responsibilities for your acts Yes/No
- 17 Do you think that more authority and freedom will improve your efficiency Yes/No
- 18 Are you satisfied with your present job Satisfied/Partially satisfied/ Not satisfied
- If Not satisfied state two reasons
- a.
- b.

19. Are you satisfied with the financial benefits you receive from the society Satisfied/Partially satisfied/Not satisfied
20. Are you trying for other job Yes/No
21. Are the other employees capable of performing the work assigned to them efficiently Yes/No
22. Do the Board members approach you to get your suggestions before formulating any policies Yes/No
23. What type of information is provided by you to the Board so as to enable them to formulate policies give details
24. Do you put forward any suggestion before the managing committee for improving the management of the society Yes/No
25. Do you educate the members on the need and applicability of democracy Yes/No
26. Do you take any steps to identify members having leadership potential and encourage them to take the lead Yes/No
27. Do you educate the members of those exploiting elements which weaken the democratic process of the society Yes/No
28. Do you take up any measures to built up strong popular opinion against any move to tamper democratic functioning of the society Yes/No

- 29 Do you educate the Board members on the various aspects for smooth functioning of democracy in the society Yes/No
- 30 Had you persuaded any one to join as a member of the society Yes/No
31. Do you deposit your surplus funds in the society Yes/No
- If No where do you deposit Commercial Banks/Others
- 32 Do you educate the members on the necessity to repay the loans promptly Yes/No
33. Do you educate the members about the financial position of the society Yes/No
34. Are you aware of the financial position of your society Yes/No
- If Yes whether the society is at Profit/Loss Profit/Loss
- If it is in Loss, can you suggest atleast two remedial measures
- a.
- b.
35. Are you satisfied with the performance of the Board Satisfied/Partially satisfied/Not satisfied
- If Partially satisfied/Not satisfied specify the reasons
- a.
- b.

9. Are you responsible for any of your acts performed Yes/No
10. Are you satisfied with your present job Satisfied/Partially satisfied/Not satisfied
11. If Not satisfied state two reasons
a.
b.
12. Are you satisfied with the financial benefits you receive from the society Satisfied/Partially satisfied/Not satisfied
13. Are you trying for other job Yes/No
14. Are you satisfied with the performance of the Board Satisfied/Partially satisfied/Not satisfied
If PS/NS specify two reasons
a
b.
15. Do you put forward any suggestion before the managing committee for improving the management of the society Yes/No
16. Do you educate the members on the need and applicability of democracy Yes/No
17. Do you take any steps to identify members having leadership potential and encourage them to take the lead Yes/No
18. Do you educate the members of those exploiting elements which weaken the democratic process of the society Yes/No

- 19 Do you take up any measures to built up strong popular opinion against any move to tamper democratic functioning of the society Yes/No
- 20 Do you educate the Board members on various aspects for smooth functioning of democracy in the society Yes/No
- 21 Had you persuaded anyone to join as a member of the society Yes/No
- 22 Do you deposit your surplus in the society Yes/No
If No where do you deposit Commercial Banks/Others
- 23 Do you educate the members on the necessity to repay the loans promptly Yes/No
24. Do you educate the members about the financial position of the society Yes/No
- 25 Are you aware of the financial position of your society Yes/No
- 26 If Yes whether the society is at Profit/Loss Profit/Loss
If at Loss can you suggest atleast two remedial measures
a
b

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SCHEDULE FOR SOCIETIES

Schedule S₁

1. Name of the society
2. Year of registration
3. Authorized share capital
4. Paid-up share capital
5. Membership coverage
 - a Total members
 - b Borrowing members
 - c. Weaker section members
6. Outstanding deposits of the society
7. Interest paid by the society
8. Interest payable by the society
9. Outstanding loans of the society
10. Interest received by the society
11. Interest receivable by the society
12. Borrowings by the society
13. Administrative expenses (Manpower + Miscellaneous)
14. Overdue position
 - a Amount
 - b Percentage to demand

- 15 Working capital of the society
- 16 Profit/Loss of the society
- 17 Number of employees in the society
18. State the years in which elections was made to the Board
- 19 How many members participated in the election
- 20 How many general body meeting are to be convened as per the bye-law
21. Number of general body meeting convened during the reference period under study
- 21 Quorum for the general body meeting
23. Attendance in the general body meetings conducted during the reference period
24. How many Board meeting are to be held as per the bye-law
- 25 Number of Board meetings held
26. Quorum required for the Board meetings
27. Attendance in the Board meetings convened during the reference period under study

Appendix - VI

Scores obtained for different variables of democratic management

		KEC			NAT			KAL		
		DM	NBM	CM	BM	NBM	CM	BM	NBM	CM
VM	SO	4	3	5	6	2	5	6	6	4
	MO	20	15	8	20	15	9	20	15	9
PB	SO	85	32	42	90	32	38	97	39	43
	MO	120	90	48	120	90	54	120	90	54
KP	SO	105	66	83	102	73	90	104	90	75
	MO	200	150	88	200	150	99	200	150	99
KS	SO	51	51	67	58	58	75	60	79	78
	MO	180	135	72	180	135	81	180	135	81
MI	SO	60	47	93	70	46	101	64	54	105
	MO	160	120	96	160	120	108	160	120	108
MS	SO	126	82	83	110	74	93	103	80	95
	MO	220	165	88	220	165	99	220	165	99
SP	SO	8	4	5	7	4	8	7	2	6
	MO	20	15	8	20	15	9	20	15	9
ED	SO	29	23	21	38	21	25	29	28	21
	MO	80	60	32	80	60	36	80	60	36

SO - Score obtained

MO - Maximum obtainable

Correlation coefficient of the selected variables

Sl. No.	Particulars	Kechery			Nattika			Kallamkunnu		
		BM	NBM	MCM	BM	NBM	MCM	BM	NBM	MCM
1.	Nature of membership	0.521*	0.561*	0.713*	0.546*	0.573*	0.667*	0.491*	0.573*	0.717*
2.	Participation in business	0.493*	0.599*	0.764*	0.497*	0.626*	0.731*	0.517*	0.623*	0.737*
3.	Knowledge of cooperation	0.511*	0.621*	0.719*	0.449*	0.631*	0.739*	0.497*	0.603*	0.693*
4.	Knowledge of structure	0.547*	0.617*	0.741*	0.502*	0.619*	0.714*	0.543*	0.594*	0.674*
5.	Member satisfaction	0.551*	0.584*	0.736*	0.546*	0.591*	0.698*	0.519*	0.623*	0.724*
6.	Member identification	0.517*	0.613*	0.721*	0.533*	0.623*	0.689*	0.542*	0.614*	0.716*
7.	Education	0.513*	0.576*	0.739*	0.527*	0.617*	0.739*	0.533*	0.632*	0.728*
8.	Social participation	0.496*	0.598*	0.763*	0.519*	0.523*	0.743*	0.516*	0.610*	0.743*
9.	Age	0.314	0.413	0.713*	0.113	0.263	0.736*	0.319	0.346	0.761*
10.	Occupation	0.413	0.493	0.764*	0.413	0.274	0.732*	0.263	0.321	0.747*
11.	Distance	0.339	0.317	0.742*	0.262	0.326	0.749*	0.398	0.319	0.732*
12.	Period of membership	0.419	0.219	0.713*	0.179	0.330	0.761*	0.410	0.327	0.732*
13.	Shareholdings	0.311	0.336	0.763*	0.392	0.326	0.707*	0.217	0.311	0.709*
14.	Economic status	0.262	0.292	0.792*	0.039	0.349	0.782*	0.301*	0.373	0.761*

* Significant at 5% level

Attendance in the Director Board Meetings

XXXII

BECHTOLD

Code	1979 80	1980 81	1981 82	1982 83	1983 84	1984 85	1985 86	1986 87	1987 88	1988 89
D ₁	38 (100)	40(100)	37(100)	43(100)	36(100)	41(100)	46(100)	39 (100)	41(100)	44 100
D	34 89	40 100)	32 80	41(95)	32 89)	36(88)	40(87)	37(95)	41 100)	39(89)
D ₃	37 07	39 98)	37 100	43(100)	36(100)	41 100	43(93)	39 100)	40 98)	44 100
D ₄	31 62	39 98)	3 (95)	40(93)	31(86)	37(90)	46(100)	33 85)	41(100)	43 93
D ₅	37 97)	40(100)	31 84)	41(95)	31 86)	36 88)	42(91)	37(95)	36 88)	39(89)
D ₆	37(97)	40(100)	36(97)	40(93)	31(86)	37(90)	41(89)			
D ₇	36(95)	39 98)	31 84	40(93)	31 86	41(100)	45(98)			
D ₈	31(82)	36 90)	31 84)	39(91)	35 97)	41(100)	45(98)			
D	38(100)	40(100)	36 97)	41(95)	31 86)	37(90)	41(89)			
D ₁₀								39(100)	40 98)	43(96)
D ₁₁								37(95)	38 93)	41 93)
D ₁₂								39 100)	39 95)	40 91)
D ₁₃								35(90)	37 90)	36(82)
Total 38	40	37	43	36	41	46	39	41	44	

ATTI A

D ₁	34(100)	41(100)	38(100)	41(100)	31(100)	36(100)	31(100)	31 100)	40(100)	39(100)
D ₂	31(91)	36(88)	32(84)	39(95)	27(87)	29(81)	29 94)	30(96)	40(100)	39 100)
D ₃	34(100)	40(98)	37(97)	39(95)	29(94)	35 97	31(100)	29 94)	39(98)	37 95)
D ₄	30(88)	40(98)	35 92)	36(88)	28(90)	31(86)	25(81)	31 100)	38(95)	3 100)
D ₅	31(91)	39(95)	38(100)	40(98)	31(100)	35(97)	30(97)			
D ₆	33(97)	41(100)	37(97)	40(98)	27(87)	30(83)	27(87)			
D ₇	30(88)	35 85)	35 92)	37(90)	31(100)	31(86)	30(97)			
D ₈	29(85)	38 93)	31 82)	37(90)	31(100)	36(100)	31 100)			
D ₉	31(91)	41(100)	31(82)	39(95)	30(97)	35(97)	30(97)			
D ₁₀								31 100)	39(98)	35(90)
D ₁₁								31 100)	40(100)	39 100)
D ₁₂								29 94)	35 86)	36(92)
D ₁₃								31(100)	37(93)	35 90)
D ₁₄								31(100)	37(93)	36 92)
Total 34	41	38	41	31	36	31	31	31	40	39

ALLINU U

D ₁	39(100)	42(100)	45(100)	39(100)	40(100)	42(100)	35(100)	41(100)	43(100)	40(100)
D ₂	37 95)	41 98)	42(93)	36(92)	39(98)	39(93)	32(91)	39 95)	41(95)	39(98)
D ₂	38(97)	42(100)	44 98)	39(100)	40(100)	41(98)	32(91)			
D ₄	36(92)	40(95)	41(91)	39(100)	37(93)	42(100)	34(97)			
D ₅	37(95)	42(100)	45(100)	39(100)	39(98)	41 98)	32(91)			
D ₆	35(90)	39(93)	38(84)	35(90)	32 80)	37(88)	32(91)			
D ₇	39 100)	40(95)	41(91)	37(95)	37(93)	41(98)	34(97)			
D ₈	37(95)	40(95)	41(91)	37(95)	36(90)	37(88)	33(94)			
D ₉	38(97)	37(88)	41(91)	37(95)	36(90)	37(88)	31(89)			
D ₁₀								41(100)	43(100)	40(100)
D ₁₁								39 95)	41(95)	37(93)
D ₁₂								40(98)	41(95)	37(93)
D ₁₃								41(100)	39(91)	38(95)
D ₁₄								39(95)	40(93)	37(93)
D ₁₄								45(100)	42(98)	39(98)
D ₁₆								40 98)	41(95)	40(100)
Total 39	42	45	39	40	42	35	41	43	40	

Note Figures in parentheses indicate percentage to total

D₁ | D₂ etc denote Code for Directors

ABSTRACT

*A STUDY ON
DEMOCRATIC MANAGEMENT PRACTICES IN
PRIMARY AGRICULTURAL CREDIT SOCIETIES IN TRICHUR DISTRICT*

By
RANJIT KUMAR E G

ABSTRACT OF A THESIS

Submitted in partial fulfilment of
the requirement for the degree

Master of Science in Co-operation & Banking
(Co operative Management)

Faculty of Agriculture
KERALA AGRICULTURAL UNIVERSITY

College of Co-operation & Banking

MANNUTHY THRISSUR

1992

ABSTRACT

'A study on democratic management practices in primary agricultural credit societies in Trichur district' was aimed to identify the key factors affecting democratic values and organisational efficiency to examine whether any relationship exist between the key factors of democratic management and economic performance and to study the member behaviour and their relationship with managing committee

Three primary agricultural credit societies were selected for the study. A sample of 105 members (60 borrowing and 45 non-borrowing) constituted the sample size of members. All the committee members and paid employees (excluding attenders and storekeepers) were selected

The required data were collected from the Audit Reports Ledgers, Minutes books and by Field interviews. 1979-80 to 1988-89 was selected as the reference period. Statistical tools like One-way classification technique, Correlation Indices, Median Percentages etc. were employed.

The study revealed that nature of membership, business participation by members, knowledge of cooperation, knowledge of structure and working of society, member satisfaction

member identification educational status and social participation were the key factors affecting democratic values whereas efficiency in credit deployment funds mobilization cost of management overdue position, member satisfaction and leadership pattern are the key factors of organisational efficiency.

It was found that no relationship exists between the key factors of democratic management and economic performance.

The study on member behaviour revealed that members viewed the cooperatives as a funding agency and majority of the members lack the 'we-feeling' and the 'sense of ownership' Members' interaction with committee members was restricted to gain personal benefits.