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**IMPACT OF DAIRY DEVELOPMENT SCHEME –
A CASE STUDY OF SASTHAMCOTTA
PRIMARY CO-OPERATIVE AGRICULTURAL
AND RURAL DEVELOPMENT BANK (PCARDB)**

By
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PROJECT REPORT

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requirement for the degree of*

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DECLARATION

I hereby declare that this project report entitled "**IMPACT OF DAIRY DEVELOPMENT SCHEME – A CASE STUDY OF SASTHAMCOTTA PRIMARY CO-OPERATIVE AGRICULTURAL AND RURAL DEVELOPMENT BANK (PCARDB)**" is a bonafide record of work done by me during the course of project work and that it has not previously formed the basis for the award to me for any degree/ diploma, associateship, fellowship, or other similar title, of any other university or society.

Vellanikkara,
29.09.2000

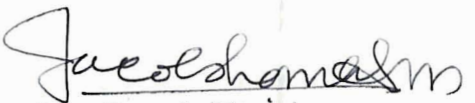


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CERTIFICATE

Certified that this project report entitled "IMPACT OF DAIRY DEVELOPMENT SCHEME - A CASE STUDY OF SASTHAMCOTTA PRIMARY CO-OPERATIVE AGRICULTURAL AND RURAL DEVELOPMENT BANK (PCARDB)" is a record of project work done independently by **Mr. Unnikrishnan A.R.** 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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Design of the Study

CHAPTER 1

DESIGN OF THE STUDY

1.1 Introduction

The socio-economic upliftment of rural poor is one of the main objectives of all developing countries. This is very particular in India where a majority of population lives in rural areas and depends on agriculture and allied activities for subsistence. Cattle rearing play a significant role in the economic life of rural India. They have remained as the keystone of Indian Farming. Cattle rearing have been contributing to the prosperity of rural India. The Royal Commission on Agricultural highlighted the importance of cattle as "The cow and the working bullock carry on their patient back the whole structure of Indian agriculture. The actual life of the people in the rural economy of the country, the relative importance of bovine animals is indeed much more marked than the figures of the total number of cattle suggest".

A well-developed agriculture is a sufficient condition for industrial expansion. Some economists are of the opinion that the entire economic system will come to a halt if agriculture is neglected too long.

Modern agriculture is a capital intensive agricultural development which depends on many other things such as technological advancement, cropping pattern etc. Agriculture finance is a strategic input in farm production and naturally credit forms a necessity to exploit natural resources and intensify agricultural production.

The credit needs of agriculture are met by both institutional and non-institutional agencies. Since the farmers require facile, adequate, timely credit they depend on the non-institutional agencies as a source of finance. The development of institutional credit is therefore, not only for providing adequate, timely and cheap finance to agricultural sector, but for productive use as well.

Productive use of borrowed money coupled with timely repayment of instalments due largely determines the success of a lending institution. Repayment of loan is a primary factor, which is needed for the smooth running of the banking business.

Another important aspect of dairying is that, it has great potentiality for improving the economic life of large number of small farmers and agricultural labourers. Dairy Development also aims to produce copious supply of milk for consumption, after suitable treatment.

Wide spread unemployment and under employment also present a strong case for the adoption of dairy farming to mitigate this problem. Due to the economic significance and employment content in milk production, National Commission of Agriculture Comments as follows:-

As cattle rearing involve intensive use of labour usually on the part of the members of the family, more than many other enterprises, it offers very significant employment and income opportunities to small and marginal farmers and agricultural labourers.

In Kerala dairying is considered to be a subsidiary occupation of small and marginal farmers and agricultural labourers. Almost all the districts of Kerala are occupied with a good amount of cattle including indigenous and cross breed. Small holdings, high proportion of rural population depending on agriculture, low family income and unemployment, more scope of further utilisation of farm family labour, active participation of Co-operative institutions and government's favourable policy have created a very favourable climate for dairy development in Kerala.

In Kunnathoor taluk of Kollam district the dairy development scheme was implemented by the Sasthamcotta Primary Co-Operative Agricultural and Rural Development Bank. With a view of bringing about a speedy economic and social transformation of the rural areas. About 75 per cent of the population of the taluk is

depending on agriculture. So the scheme was implemented with the sole aim of providing subsidiary occupation especially to the small farmers, marginal farmers and agricultural labourers and thereby increase the milk production and thus helps to raise the income of the farmers.

1.2 Review of Literature

The National Commission of Agriculture (1971) recommended the integrated development of all sections of people in the rural areas. In this context the commission recommended the intensification of cattle rearing and milk production programmes. These programmes should be organised on proper scientific lines and it has to be ensured from the initial planning stage. Such a planning will help to spread the benefits to all sections of farmers and in particular reach small and marginal farmers and Agricultural labourers.

National Commission on Agriculture (1976) observed that dairy development programmes are labour intensive, having favourable cost benefit ratio and are particularly suitable for the weaker sections of the rural community. As cattle and buffalo rearing involve intensive use of labour, it offers more employment and income opportunities to small and marginal farmers and agricultural labourers.

Jayachandra (1991) observed, it is a well-known fact that the Indian agricultures faces the problem of disguised unemployment and the resultant problem of poverty and inequality of income distribution. Hence the supreme task of planning is to drain the labour reservoir by creating employment opportunities and by channelising the employed and under employed into productive works. Dairy farming serves this purpose.

Sharma and Ram (1991) opined that the significantly higher milk production, marketed surplus and per capita income of the borrower house holds compared to those of non-borrowers indicate a positive impact of credit on the economy of weaker section households.

Panday (1995) stated that animals husbandry in India is closely interwoven with agriculture. Besides having vast employment potential this sector provides milk, egg, meat, wool, hides and skin, dung bones and drought power but also stabilizes the farm income.

Choudhary (1995) expressed that dairy enterprises generate better economic returns in farming situations of agriculture.

Manbhekar (1996) in the study of relative economics of milk production from local vis-à-vis cross breed cow reported that the break-even output for local cow was estimated at about 1596 litre per day. For cross breed cow the break-even milk out put was estimated

as 1495 litres, while the actual output is about 2902 litres. The results indicate that it is profitable to maintain a crossbreed cow.

In comparison of beneficiaries and non-beneficiaries, Singh and Singh (1997) noted a linear relationship between credit input and milk production and productivity.

Rajani (1998) offered an integrated package for overall development of poor rural women development engaged in traditional sector through dairying.

David (1998) opined that consumer has not interested in dairy products having longer shelf life but lacking in natural taste and flavour. Therefore only those technologies and process would find ready acceptance which have no or minimal effect on organoleptic properties of milk.

Sharma and Datta (1999) observed that bringing of skimmed milk powder on the open general license has made the Indian dairy industry feel the heat of globalisation of the bound rates of duty for dairy products under the WTO agreement. It also makes a strong case for India applying special safe guards like developed countries, when imports depress domestic prices.

Katar Singh (1999) reported some likely impacts at liberalisation on India's dairy industry. It was also observed that some

exports see in liberalisation a major opportunity for the Indian dairying. But they should not forget the challenges posed by emerging trading blocks, non-tariff barriers and bad publicity given to the use of buffalo milk in Indian dairy products.

Poonawalla (2000) inferred that rural women are playing a major role in the dairy sector. Without their contribution we cannot think of dairying in India. Women's participation in milk production will consolidate further and grow. An assured and growing market for quality milk will continue to whole promise of prosperity for rural women folk.

Mathur (2000) inferred that to survive in the highly competitive global market, Indian dairy institutions and professionals must innovate. It would be possible only through advanced research that India can make a mark on the international market.

The above said analysis and did not cover any study on the impact of Dairy Development Scheme of Sasthamcotta PCARDB on the beneficiaries. Hence here the researcher makes an attempt to fill this gap.

1.3 Statement of the Problem

Generally dairying in India is closely associated as an integral part of agriculture. The variability of agricultural income coupled with its inherent risk always leans the farmer short of

necessary funds for meeting farm expenditure for various farm operations through out the year. Here arises the need of a subsidiary occupation to supplement and stabilise farm income dairy farming serves this purpose.

The Dairy Development Scheme of the bank in an approved one by the National Bank for Agricultural and Rural Development (NABARD) for which refinancing facilities are also available. The bank has been successful in distributing credit under this scheme schematic loans constitute 63.77 per cent of the total loans advanced by the bank in 1998-99 and out of this about 24.19 per cent is given exclusively for dairy development. And it was observed that there is a trend of misutilisation of the loan facilities by the beneficiaries. Hence an attempt has been made to explore the impact of the Dairy Development Scheme on the beneficiaries.

1.4 Objectives of the Study

The objectives of the study is to measure the impact of Dairy Development Scheme in creating employment, raising milk production and income level of the beneficiaries.

1.5 Methodology

Data required for the study has been drawn for the primary as well as secondary sources. Schedules were used to collect

primary data from chosen respondents. The beneficiaries who have availed loan facility from the bank between the years 1997-98 are selected for the survey. The beneficiaries are classified according to land holdings, and proportionate sampling is used for the study. A sample size of 25 selected beneficiaries (which constitute 26 per cent at the total population of beneficiaries) is taken for the study. The secondary data were collected from the records of the bank for a period of five years. The inter temporal approach was used in evaluating the impact of the scheme on the loanee households. In the inter temporal approach the income, employment and milk production were compared for two periods of time – one before taking the loan and another after taking the loan.

1.6 Scope of the Study

Scope of the study is confined to the analysis of the Dairy Development Scheme of the Sasthamcotta Primary Co-operative Agricultural and Rural Development Bank. The study is limited to Kunnathoor Taluk of Kollam District. The study will be useful to the bank for the better implementation of the scheme.

1.7 Limitation of the Study

The study is limited to Kunnathoor Taluk of Kollam District, so the findings may not always generalise the rest of the Agricultural and Rural Development Banks (ARDBs). The field survey

could cover only 25 sample beneficiaries. Time is also a limiting factor.

1.8 Chapterisation of the Project

The present study is divided into five chapters as follows:-

Chapter I present the design of the study, which includes introduction, statement of the problem, objectives, Review of literature, Methodology, scope and limitations.

The organisational profile of Sasthamcotta PCARD is dealt in chapter II.

Chapter III looks into the impact at the Dairy Development Scheme on the beneficiaries.

Summary of findings and conclusion are given in chapter IV.

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Profile

CHAPTER 2
SASTHAMCOTTA PRIMARY CO-OPERATIVE
AGRICULTURAL AND RURAL DEVELOPMENT
BANK LTD., NO. Q 373 – A PROFILE

2.1 Genesis

The Sasthamcotta Co-operative Land Mortgage Bank Ltd., No.Q 373 was registered as a co-operative society under section 10 of Travancore-Cochin Co-operative societies, Act 1951 and this act was amended as Act 21 of 1969, by Kerala Co-operative societies Act which comes into force with effect from 15th May 1969. The bank was registered on 31-03-1967 and commenced its operation on the same day. The bank was renamed as "Sasthamcotta Primary Co-operative Agricultural and Rural Development Bank Ltd.," as per the Kerala State Co-operative Agricultural and Rural Development Banks Act of 1984.

2.2 Area of Operation

The area of operation of the bank covers the Kunnathoor taluk, except the Mynagapally village and whole of Adoor taluk. The bank is having a branch at Adoor.

2.3 Organisation

The Sasthamcotta Primary Co-operative Agricultural and Rural Development Bank is functioning in a Federal setup with the Kerala State Co-operative Agricultural and Rural Development Bank (KSCARDB) as the apex body.

2.4 Membership

The bank is having 'A' class shares of Rs.50/- and 'B' class shares of Rs.5/-. 'A' class members are empowered of all rights of a member as per Co-operative societies Act and Rules and their values of shares are refundable. 'B' class shares are only nominal and the members have no voting power and their value of shares are not refundable. In addition to this there is a 'C' class membership for the state government towards the share capital subscription.

2.5 Progress of the Bank

The progress of the bank with respect to important indicators namely membership, share capital, borrowings, loans and advances, loans outstanding and net profit are set out in the Table 2.1.

Table 2.1 Progress of Sasthamcotta Primary Co-operative Agricultural and Rural Development

(Amount in lakhs)

Year	Membership	Share capital	Borrowings	Loans and advances	Loans outstanding	Loss
1994-95	17364	84.94	294.84	283.36	1294.21	80.36
1995-96	18481 (6.43)	96.51 (13.62)	295.67 (0.28)	308.28 (8.79)	1408.21 (8.80)	98.11 (22.09)
1996-97	19477 (5.39)	118.95 (23.23)	481.23 (62.76)	480.18 (55.76)	1653.84 (17.44)	88.25 (-10.05)
1997-98	19994 (2.65)	173.96 (46.25)	462.92 (-3.8)	433.43 (-9.73)	1839.60 (11.23)	105.98 (20.10)
1998-99	20583 (2.95)	191.89 (10.3)	492.25 (6.34)	508.78 (17.38)	2070.28 (12.54)	105.86 (-0.11)

Source : Annual Report of the Bank

Note : Figures in parenthesis shows percentage growth over the years

From the Table 2.1 it can be observed that the membership of the bank has increased from 17364 during 1994-95 to 20583 during 1998-99. The share capital of the bank has increased from Rs. 84.94 lakhs during 1994-95 to Rs. 191.89 lakhs during 1998-99. The borrowings of the bank has increased from Rs. 294.84 during 1994-95 to Rs. 492.25 lakhs during 1998-99. The loans and advances of the bank has also increased from Rs. 283.36 lakhs during 1994-95 to Rs. 508.78 lakhs during 1998-99.

From the above analysis it can be inferred that Sasthamcotta PCARDB is successful in its landing operations even though the bank is running on a loss.

2.6 Share Capital

A class shares are available to individuals who are residing or employed or having landed property within the area of operation of the bank and who can satisfy the eligibility criteria as per the Act and Rules. The share value is Rs. 10 and will be refunded only after the expiry of three years of their admission or their liability is over which ever is later. In addition to the subscription of 'A' class and 'B' class shares state government has a subscription towards the share capital.

2.7 Borrowings

The borrowing Power of the bank is restricted to fifty times the paid up share capital and reserves. The banks' borrowing

source in Kerala State Co-operative Agricultural and Rural Development Bank Ltd., whose borrowing in turn are mainly under three types of debenture flotation viz.

- a. Special Development Debentures (S.D.D) covering schematic lending and non-farm sector activities at concessional borrowing rates under NABARD Refinance Assistance.
- b. Ordinary Debentures covering non-schematic/ sporadic lending at market borrowing rates.
- c. Rural housing Debentures for Rural housing purpose with refinance assistance from the National Housing Bank.

In addition to the above borrowing can be made from the government towards the share capital.

2.8 Loans and Advances

The bank is extending financial support under different categories explained as follows.

2.8.1 Ordinary Loans

Under the category finance is extended for agricultural development activities such as land development, fencing, farm

structures etc., which are not covered under the scheme loans. The scale of finance in accordance with the Agricultural department guidelines.

2.8.2 Schematic Lending

This is made for development activities in sectors such as land development, minor irrigation, farm mechanisation, plantation and horticulture, animal husbandry and fisheries. The major schemes for which the bank extends this facility are as follows.

a. Minor Irrigation Scheme

The requirement is a minimum holding of fifty cents and includes digging of wells and installation of pump sets.

b. Betel Vine Plantation

A unit cost of Rs.4000/- is given under this scheme i.e., for planting 300 betel vine and an amount of Rs.1000/- for irrigation.

c. Rubber Plantation

A unit cost of Rs.1,50,000/- per hectare is given in six yearly installments and requires a minimum holding of fifty cents.

d. Sericulture

A unit cost of Rs.2,92,000/- for one acre is disbursed as two annual installments for sericulture.

e. Dairy Development

The unit cost of Rs.20,000 for purchasing two cows of Rs.10,000, cattle shed of Rs.3900/- and Rs.700/- for insurance and other expenses and Rs.300 for transportation. Total amount of the loan is Rs.24900/-.

Among the various schemes of the bank, the assistance for milch animals has got a great relevance in the context of Rural Development. Dairy Development scheme of the bank is an approved one of NABARD for which refinancing facilities are also available from NABARD. The guidelines framed by the NABARD for the implementation of the scheme in India are briefly explained here.

- 1) The bank shall select villages keeping in view compactness of the area to facilitate supervision and nearness to veterinary dispensaries, animal breeding centres and milk marketing facilities.

- 2) The bank shall ensure that a unit of two animals is financed, each animal is purchased with an interval of about six to eight months to ensure continuity in milk production.
- 3) Animals shall be purchased by a committee, comprising of a representative of the bank, qualified veterinary surgeon and the beneficiary.
- 4) The bank shall finance under the scheme only good quality animals – preferably freshly calved animals in second or third lactation yielding an average of seven to eight litres of milk per day.
- 5) Immediately after purchase, suitable arrangement for identification of the animal by branding tattooing or ear tagging will be made with the help of animal husbandry department. In addition to this, the record of particulars of the animals identification, colour, birth marks etc shall be maintained.
- 6) Certificate regarding age and health of animal financed shall be obtained from a qualified veterinary surgeon.
- 7) Animals shall be vaccinated with the help of veterinary department, against disease such as Rinder Pest, Septicemia

and foot and mouth disease depending upon the prevalence of particular disease in the area.

- 8) Bank will satisfy itself that the beneficiaries have adequate arrangement for supply of green/ dry fodder/ concentrate feed.
- 9) The bank should also ensure that the beneficiaries are having a cattleshed or will be able to provide a cattleshed from out of their own resources, when ever the loans for cattleshed are not given by the bank
- 10) The bank will satisfy itself that suitable and satisfactory arrangement exists for marketing of milk. Such marketing shall either be in the nature of organised marketing through milk collection centres or satisfactory outlet for direct sale of milk at remunerative price.
- 11) Whenever an arrangement is made to market milk through organized system the bank may make arrangement with the collection agency for recoveries out of sale proceeds.
- 12) In case where crossbreed indigenous cows are financed, the bank shall satisfy itself that breeding services with high qualities semen are available.

- 13) The animal financed under the scheme shall be insured immediately after purchase for full value and the insurance document shall be assigned in favour of the bank. Cost of insurance shall be born by the borrower.
- 14) The bank shall ensure that the beneficiaries are invariably trained at farmers training centres (dairy extension centres).
- 15) Performance should be given to those farmers who have adequate facilities for green and dry fodder and those who have taken up fodder cultivation. The bank should ensure them before sanction.
- 16) The bank should possess sufficient technical staff at districts level for effective appraisal, implementation, supervision and monitoring of the scheme.

Unit Cost Break-up of the Scheme

Cost of two cows @ 10,000	20,000
Cost of cattle shed	3900
Insurance for the first animal	700
Transportation cost	<u>300</u>
	<u>24900</u>

Table 2.2 Lending Pattern of the Bank

(Amount in lakhs)

Sl.No.	Category wise loans	1994-95	1995-96	1996-97	1997-9 8	1998-99
1	Ordinary loans	76.09 (26.85)	70.19 (22.76)	149.14 (31.05)	93.56 (21.58)	28.17 (5.53)
2	Schematic loans	82.80 (29.22)	161.02 (52.23)	189.40 (39.44)	223.30 (51.51)	324.46 (63.73)
3	Non-farm sector	52.56 (18.54)	22.10 (7.17)	49.19 (10.24)	57.95 (13.37)	109.65 (21.55)
4	SRTO	51.64 (18.22)	48.26 (15.65)	68.0 (14.16)	26.67 (6.15)	29.20 (5.73)
5	Integrated loan scheme	20.27 (7.15)	6.71 (2.18)	24.45 (5.09)	31.95 (7.37)	17.30 (3.4)
	Total	283.36 (100)	308.28 (100)	480.18 (100)	433.43 (100)	508.78 (100)

Source : Annual Report of the Bank

Note : Figures in parenthesis shows the percentage to total of each loan.

f. Broiler poultry

An amount of Rs.20,000 for a unit of 250 is disbursed under this scheme.

2.8.3 Non-Farm Sector

Under this category three types of loans are issued, they are as follows:

a. Composites Loans

Loans under this head is for establishing small scale industries (tiny units) for which a maximum amount of Rs.50,000/- is being issued covering Block capital and working capital requirements. Finance is also extended for some service activities such as type writing institute, Xerox, telephones booths etc.

b. Integrated Loan Scheme (I.L.S)

On the basis of detailed project reports a maximum amount of Rs.10 lakhs is given for setting up of small scale industrial units worth a maximum project out any of Rs.15 lakhs under which Block Capital and working capital are covered. Loan is given for service activities such as Computerised Data Processing, caste T.V. Network, Motels, Beauty Parlours, Wire cut bricks, hollow bricks etc.

c. Small and Road Transport Operators Scheme (S.R.T.C)

These are given for purchasing goods transport vehicles with maximum gross vehicle weight of six tones.

2.8.4 Rural Housing Loans

Financial support is given for the construction of New Residential Buildings (Rs.1,00,000) or Renovation of Existing Residential buildings (Rs.30,000/-). The bank has now stopped advancing towards this kind because of high over dues to demand. It is evident from table 2.2 that the bank has give considerable priority for schematic lending.

2.9 Recovery

The bank is sending reminders like ordinary and registered letters, telegrammes, etc., to defaulters followed by personal contact in case of defaulters not responding to there methods, the bank proceeds with the sale procedure for foreclosing the loans and auction of security property. The bank is having a sale officer deputed from the department for following up chronic overdue cases.

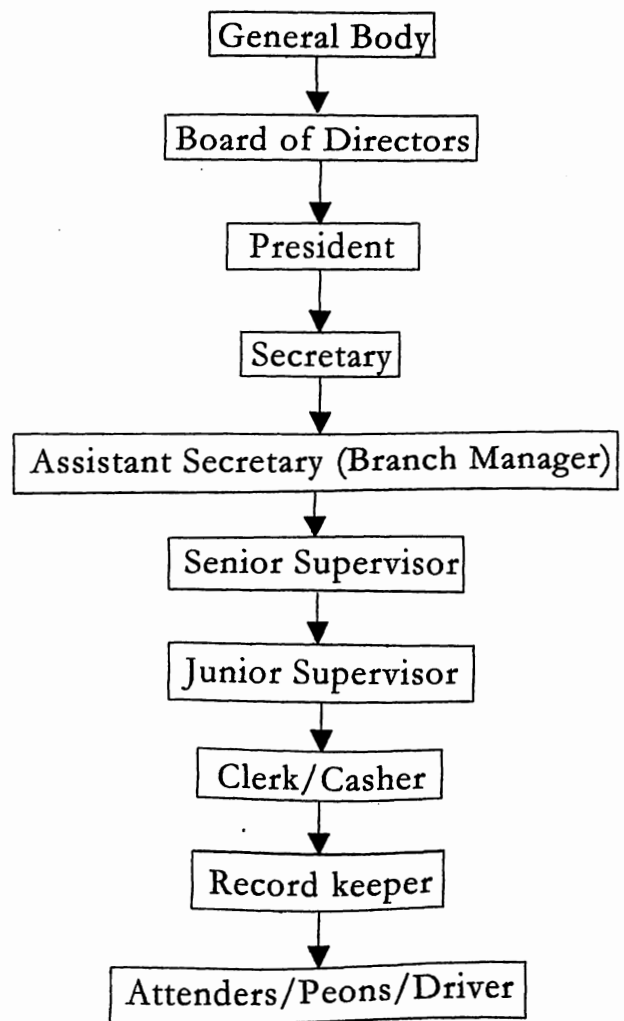
2.10 Management and Admission

The Sasthancotta Co-operative Agricultural and Rural Development Bank is governed by an elected board consist of eleven

members out of which one each for SC/ST and women representation and two for non-borrowers representation. The board is the policy making and governing body of the bank.

The administration of the bank is vested with the executives of the bank who have to conduct the day to day affairs in line with the directions issued from time to time by the board. The secretary is the chief executive of the bank.

2.10.1 Organisational Chart of the Bank



Analysis

CHAPTER 3

IMPACT OF DAIRY DEVELOPMENT SCHEME – BENEFICIARY LEVEL ANALYSIS

3.1 Introduction

A study on any scheme will be more informative if a beneficiary level analysis is attempted. The Dairy Development Scheme of the bank is an approved one by NABARD; for which refinancing facilities are also available from NABARD. The bank has been successful in distributing credit under this scheme. Schematic loans constitute 63.77 per cent of the total loans advanced, out of this about 24.19 per cent is given exclusively for dairy development. The beneficiary level analysis will help to understand the field level impact of the scheme.

3.2 Socio-Economic Profile of the Beneficiaries

The availability of natural resources is an important factor influencing farm and livestock economy. Besides this the socio-economic background of the beneficiaries also plays an important role in the dairy farming. So the socio-economic conditions of the sample beneficiaries is very important.

The total number of sample beneficiaries is 25 of which males account for 21 and females four. The distribution of sample beneficiaries according to age and sex is presented in Table 3.1.

Table 3.1 Age and Sex-Wise Distribution of Sample Beneficiaries

Age group (years)	Males	Females	Total	Percentage to total
30-35	4	0	4	16
35-40	7	3	10	40
40-45	6	1	7	28
45-50	3	0	3	12
50 and above	1	0	1	4
Total	21	4	25	100

When literacy was considered, it was seen that none of them are illiterate. The distribution of sample beneficiaries according to educational status is presented in Table 3.2.

Table 3.2 Educational Status of Sample Beneficiaries

Educational Status	Number of Beneficiaries	Percentage to Total
Primary	6	24
Below SSLC	10	40
Above SSLC	9	36
Total	25	100

Regarding the occupational status of sample beneficiaries, we could note that most of the beneficiaries were agriculturists, followed by self employed.

Table 3.3 Occupational Status of the Sample Beneficiaries

Occupational Status	Number of Beneficiaries	Percentage to total
Agriculturists	15	60
Salary earners	4	16
Self employed	6	24
Total	25	100

An attempt was made for classification of beneficiaries on the basis of land holdings. It was observed that 72 per cent of the sample beneficiaries were marginal farmers, 24 per cent small farmers and four per cent large farmers. The distribution of sample beneficiaries on the basis of land holding is presented in Table 3.4.

Table 3.4 Distribution of Sample Beneficiaries According to Land Holdings

Farmer Classification	Number of beneficiaries	Percentage to total
Marginal	18	72
Small	6	24
Large	1	4
Total	25	100

Regarding the misutilisation of the loan by the borrowers we could observe that 88.89 per cent of the misutilise borrowers were marginal farmers and 11.11 per cent were small farmers. But none of such case were reported from the large farmers. The extent of misutilisation of the loan by each class of farmers is presented in Table 3.5.

Table 3.5 Table showing the Extent of Misutilisation of loan by the beneficiaries

Farmers Classification	Number of Beneficiaries	Percentage of Total
Marginal	8	88.89
Small	1	11.11
Large	0	0
Total	9	100

Another important variable considered was annual family income. Here it is worth noting that all the beneficiaries are above the poverty line. We have classified the beneficiaries on the basis of annual family income. The distribution of beneficiaries according to annual family income is presented in Table 3.6.

Table 3.6 Distribution of sample beneficiaries according to annual family income.

Annual Family Income (Amount in '000)	Number of Beneficiaries	Percentage to total
Below 20	4	16
20-40	7	28
40 and above	14	56
Total	25	100

As regards the social classification, only one of the beneficiaries was from scheduled caste or scheduled tribe.

3.3 Working of the Scheme

The Sasthamcotta Primary Co-operative Agricultural and Rural Development Bank implements various development schemes for the upliftment of the farmer community. One of the important scheme among them is the scheme for Dairy Development. The bank has been successful in distributing credit under this scheme. While looking into the lending pattern of the bank, we can see that, the schematic loans constitute 63.77 per cent of the total loans advanced. Out of this about 24.19 per cent is given exclusively for dairy development.

About 62.5 per cent of the sample beneficiaries are keeping animals as a subsidiary occupation. Another thing is that amount sanctioned by the bank fell short of the requirement in all most all cases, so they had to bring in their own resources.

3.4 Impact of the Scheme on Income

In order to find out whether dairying has helped to increase the income level of the beneficiaries, income before and after the implementation the scheme was compared. Pre-development income refers to income acquired by the farmer before the introduction of the Dairy Development Scheme. And post developmental income refers to income after the introduction of the dairy scheme. The difference between pre-development and post development income can be termed as incremental income. This is the net income derived from dairying. Table 3.7 indicates the level of pre-development and post – development and incremental income of the beneficiaries.

From the Table 3.7 it is clear that the scheme has made a positive impact on income of the beneficiaries and negative impact is reported only in three cases. The percentage of growth in income varies from 2.24 to 81.22. After the introduction of Dairy Development Scheme the income of the farmers increased considerably than in past. The comparison of the income level of the beneficiaries before and after the scheme is depicted in the Table 3.8.

Table 3.7 Difference in Income of the Beneficiaries before and after the scheme

Sl. No	Income before the scheme	Income after the scheme	Incremental income	Percentage growth
1.	48000	89440	41440	46.33
2.	4200	14650	10450	71.33
3.	4600	9000	4400	48.88
4.	48000	38660	-9340	-24.15
5.	60000	52760	-7240	-13.72
6.	9000	16720	7720	46.17
7.	20800	110780	89980	81.22
8.	61000	68400	7400	10.81
9.	68000	303600	235600	77.60
10.	56800	56760	-40	-0.07
11.	15000	18790	3790	20.17
12.	45000	55520	10520	18.94
13.	82000	159080	77080	48.45
14.	30000	96440	66440	68.89
15.	42000	50680	8180	16.14
16.	65000	66900	1500	02.24

Table 3.8 Comparison of Income Level of the Beneficiaries Before and After the Scheme

Class wise distribution of annual income	Before the scheme		After the scheme	
	No. of beneficiaries	Percentage to total	No. of beneficiaries	Percentage to total
Below 10000	3	18.75	1	6.25
10000-20000	1	6.25	3	18.75
20000-30000	1	6.25	0	0
30000-40000	1	6.25	1	6.25
40000-50000	4	25	0	0
50000-60000	1	6.25	4	25.00
60000-70000	4	25.00	2	12.25
70000-80000	0	0	0	0
80000-90000	1	6.25	1	6.25
90000-100000	0	0	1	6.25
100000 and above	0	0	3	18.75
Total	16	100	16	100

Table 3.8 shows that 18.75 per cent of beneficiaries are under the category having annual family income less than Rs. 10,000 before the scheme. But after the introduction of the scheme it has reduced to 6.25 per cent. Only 6.25 per cent of the beneficiaries earn an income more than 50,000 before the scheme and after the

introduction of the scheme it has raised to 25 per cent. Another important thing is that before the scheme no one earns more than Rs. 90,000, but after the introduction of the service there are four persons above this mark. This indicates that there is an improvement in the annual income of farmers with the introduction of the scheme.

3.5 Impact of the Scheme on Employment

In addition to provide additional income to the beneficiaries, the scheme also helped in creating employment opportunities to the farmers. The scheme has a dual impact on the employment creation, i.e., it provides employment opportunities to both the borrowers and the family members. The extent of employment generated by the scheme to the borrowers and family members are depicted in Table 3.9 and 3.10 respectively.

Table 3.9 Employments to Borrowers

Sex	Main occupation	Subsidiary occupation	Total
Male	3 (23.08)	10 (76.92)	13 (100)
Female	3 (100)	-	3 (100)

Note : Figures in parenthesis shows percentage to total

From the Table 3.9 it is clear that, the scheme has provided full time employment to six persons (three males and three females). And dairying continues as a subsidiary occupation for 10 borrowers. Another interesting thing is that all the female borrowers keeps dairying as their main occupation.

Table 3.10 Employment to Family Members

Sex	Main occupation	Subsidiary occupation	Total
Male	8 (44.44) [38.10]	10 (55.55) [62.54]	18 (100)
Female	13 (68.42) [61.90]	6 (31.58) [37.50]	19 (100)
Total	21 [100]	16 [100]	37

Note : Figures in parenthesis shows percentage to raw total

Figures in Square brackets shows percentage to column total

From the Table 3.10 it could be inferred that the scheme has got a greater impact in creating employment opportunities to the family members. Among the Family members 21 are keeping dairying as their main occupation and 16 as subsidiary occupation. Before the scheme only eight of the beneficiaries are having cattle and it is used for the domestic purpose only. So in order to find out the net impact of the scheme on the employment generation the labour used for the maintenance of the eleven cows are deducted.

By looking into the extent of time spend by each beneficiary for the dairying, we can calculate the extent of man-hours created by the scheme and it is given in the Table 3.11.

Table 3.11 Extent of family labour hours used per day in dairying

Sl. No	Labour hours /day	Mandays
1.	13	1.62
2.	6	0.75
3.	8	1.00
4.	8	1.00
5.	13	1.62
6.	6	0.75
7.	18	2.25
8.	16	2.00
9.	180	22.5
10.	16	2.00
11.	13	1.62
12.	7	0.88
13.	34	4.25
14.	70	8.75
15.	25	3.13
16.	10	1.25
Total	443hrs/day	55.38 mandays

Note: Eight hours equals to one man day.

Table 3.12 Extent of labour hours required/cow

Sl.No	Number of cows	Labour hrs used
1.	4	13
2.	1	6
3.	2	8
4.	2	8
5.	2	13
6.	2	6
7.	5	18
8.	4	16
9.	20	180
10.	2	16
11.	2	13
12.	2	7
13.	6	39
14.	10	70
15.	4	25
16.	2	10
Total	70	443

Labour hours required/ cow = $443/70 = \underline{6.33 \text{ hrs.}}$

This means that for the maintenance of a cow one requires an average of 6.33 hrs/ day.

Table 3.13 Labor hours created by the scheme

Item	No of cows before the scheme	No of cows after the scheme	Increase
Cows	11	71	60

Additional labour hrs created = $60 \times 6.33 = 379.8$ lab hrs/day.

= 47.47 mandays

3.6 Impact of the Scheme on Milk Production

Along with the increase in the income and employment, the scheme also helps to increase the milk production of the beneficiaries. The details regarding milk production before and after the scheme are shown in the Table 3.14 and 3.15 respectively.

Table 3.14 Annual Milk Production Before the Scheme

Milk production (in litres)	No of beneficiaries
Below 500	1
500 – 1000	2
1000 – 1500	2
1500 – 2000	1
2000 – 2500	0
2500 – 3000	0
3000 – 3500	1
3500 – 4000	1
Total	8

Table 3.15 Annual Milk Production after the Scheme

Milk Production (litre)	No of beneficiaries
Below 2500	2
2500- 3500	1
3500 – 4500	5
4500 – 5500	1
5500 – 6500	0
6500 – 7500	1
7500 – 8500	0
8500 – 9500	3
9500 – 10500	0
10500 and above	3
Total	16

From the above two tables it is clear that after the introduction of the scheme the milk production has increased considerably. Before the scheme six person where the category having annual milk production below 2500. But after the scheme it is reduced to two. Before the scheme no one his having milk production above 4500 lit/year. But after the scheme it is raised to eight and three persons belongs to the category above 10500 lit/year.

Summary

CHAPTER 4

SUMMARY OF FINDINGS AND CONCLUSION

Rural India is dominated by small cultivators, agricultural labourers and artisans. These categories have low income and are suffering from malnutrition, low consumption level etc., which are the dominant characteristics of poverty. In order to raise the standard of living of the rural poor, NABARD has adopted various development schemes, through the banking structure in the country.

The present study entitled "Impact Of Dairy Development Scheme – A Case Study of Sasthamcotta PCARDB" was undertaken with the objective, to analyse the impact of the Dairy Development Scheme with special reference to Sasthamcotta Primary Co-operative Agricultural and Development Bank. The study was confined to Kunnathoor Taluk of Kollam District.

4.1 Findings of the Study

- 4.1.1 All the male beneficiaries are keeping animals as subsidiary occupation where as the female keeps it as main occupation.
- 4.1.2 It was observed that women beneficiaries constitute only a small percentage of the sample population. Though

maintaining animals are borne by women they cannot avail themselves of the assistance under the scheme.

4.1.3 It was noticed that only nominal percentage of the beneficiaries were from scheduled cast or scheduled tribe families.

4.1.4 Regarding the misutilisation of the loans, 36 per cent of the beneficiaries misutilised the loan facility.

4.1.5 It was noteworthy that all the sample beneficiaries are educated.

4.1.6 From the analysis it was observed that the scheme has a positive impact on the income of the beneficiaries.

4.1.7 In addition to provide additional income, dairying helped to increase the employment opportunities of the farmers.

4.1.8 In general the scheme has also helped to increase the milk production of the beneficiaries.

4.2 Suggestions

4.2.1 Effective supervisory mechanism should be created so as to avoid the misutilisaion of the loans.

4.2.2 The main problem revealed by the survey was the insufficiency of loan amount. So the unit cost for financing the scheme need to be revised.

4.3 Conclusion

The study conducted to explore the impact of the Dairy Development Scheme leads into the conclusion that assistance under the scheme has a positive impact on income, employment and milk production among all class of beneficiaries. The supervision and follow up of loans is quite absent on the part of the bank. Disbursement of adequate loan amounts with proper supervision and follow up will bring out fruitful results.

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**IMPACT OF DAIRY DEVELOPMENT SCHEME –
A CASE STUDY OF SASTHAMCOTTA
PRIMARY CO-OPERATIVE AGRICULTURAL
AND RURAL DEVELOPMENT BANK (PCARDB)**

By
UNNIKRISHNAN A.R.

ABSTRACT OF THE PROJECT REPORT

*Submitted in partial fulfilment of the
requirement for the degree of*

**BACHELOR OF SCIENCE IN CO-OPERATION AND BANKING
FACULTY OF AGRICULTURE
KERALA AGRICULTURAL UNIVERSITY**

**COLLEGE OF CO-OPERATION, BANKING AND MANAGEMENT
VELLANIKKARA, THRISSUR
2000**

ABSTRACT

The study entitled **“IMPACT OF DAIRY DEVELOPMENT SCHEME – A CASE STUDY OF SASTHAMCOTTA PCARDB’** was under with the objectives of examining the impact of scheme on the beneficiaries. The analysis was done with the help of information generated through a field survey of 25 beneficiaries who have availed loan facility from the bank between the years 1997 and 1998. The study is limited to Kunnathoor Taluk of Kollam District. Statistical tools like simple averages, percentage growth rate etc., were used to interpret the data besides tabular analysis.

Analysis made on the scheme revealed the fact that the assistance under the scheme has a positive impact on income employment and milk production among all classes of beneficiaries.

However, the performance of the scheme in the field is likely to improve if the bank exercise proper care in identification of beneficiaries and is follow up of the working at the scheme.

Appendix

**KERALA AGRICULTURAL UNIVERSITY
COLLEGE OF CO-OPERATION, BANKING &
MANAGEMENT VELLANIKKARA**

SCHEDULE

TOPIC : **IMPACT OF DAIRY DEVELOPMENT SCHEME –
A CASE STUDY OF SASTHAMCOTTA PCARDB**

1. IDENTIFICATION

1.1 Name and address of the loanee:

1.2 Sex : M/F

1.3 Age :

1.4 Main Occupation :

1.5 Family Details :

Sl. No	Name of the member	Sex	Age	Monthly income	Relation to the borrower	Educational status	Occupation	
							Main	Sub

1.6 Farmer classification : MF/SF/LF

1.7 Subsidiary Occupation and income form them : 1)
2)

1.8 Extent of holding : Wet/ Dry

a) Type of land :

b) Source of irrigation :

c) Crops cultivated :

1.9 Are you employed before the scheme : Y/N

1.10 If not, Why :

1.11 Annual Family income

Particulars	Quality	Amount
Non farm income		
Milk		
Milk products		
Animal waste		

1.12 Details of Bovine Population

Before the scheme			After the scheme		
Items	Number	Average yield	Items	Number	Average yield

2. DETAILS OF LOAN TAKEN

- 2.1 Date of application with loan amount :
 2.2 Amount sanctioned with month and year along with subsidy :
 2.3 Rate of Interest :
 2.4 Number of instalments of repayment :
 2.5 Whether the loan amount covered the entire cost of the scheme : Y/N
 2.6 If No, Specify the source : private/friends/others
 2.7 If borrowed, what is the interest :
 2.8 Have you availed loan component for the purchase of second cow : Y/N
 2.9 If no, why :
 2.10 Details of cattle shed : Tiled/Concreted/Others
 2.11 Actual cost of the shed :

3. WORKING OF THE SCHEME

3.1 Cost of inputs

	Type of feed	Quantity	Unit price	Amount
During lactation period				
During dry period				

3.2 Veterinary expenses :

3.3 Miscellaneous expenses :

3.4 Details of milk production :

PRODUCTION			DISPOSAL			
Items	Volume	Amount	Particulars	Volume	Unit Price	Amount
			Self consumption			
			Neighbours			
			Co-operatives			
			Private Venders			

3.5 Does the bank officials visit your unit :

3.6 Have you repaid the loan from income derived from the unit :

3.7 Have you defaulted repayment :

3.8 If yes, what is the reason : 1)
2)

3.9 Extent of family labour used in dairying

Category	Grazing	Maintenance	Milking	Disposal
Male Labour				
Female Labour				
Child Labour				

3.10 Do you have a gobar gas plant :

3.11 If no, have you interested on it :

3.12 Are you satisfied with the terms and conditions of the loan :

3.13 Problem of running dairy unit : 1)
2)
3)

WORK EXPERIENCE REPORT

As part of my curriculum, I had to undergo field training in various rural development organisation for six weeks and training and placement in department of co-operation for a period of four weeks. Entrepreneurial Development Programme were also conducted for three days. I was also sent to Sasthamcotta Primary Agricultural and Rural Development Bank for one and half months training. The main objectives of these training and placement was firstly to help the student to familiarize with various rural development institutions, secondly to familiarize with working of agricultural support service institution like Co-operative Bank, Non-Governmental Organisations, Krishi Bhavans, Panchayath Raj institutions etc. Thirdly to impart the skills in project work and preparation of project reports.

Entrepreneurial Development Programme (EDP)

The Entrepreneurial Development Programme were conducted during the period form 02-03-2000 to 07-03-2000. The sections were handled by well known trainers and entrepreneurs from various organisations. The main objective of EDP was to develop entrepreneurial traits of students and enable them to take up self employment ventures with adequate self confidence. We had field visits and training, we visited the following organisation.

1. Thrissur Whole Sale Consumer Co-operative Society, (TWCCS)
2. Milma Training Centre
3. Khadi and Village Industries Commission (KVIC)
4. Kerala Feeds Ltd.
5. K.P. Oil Mills Ltd.
6. One day school on Banking at SIB Staff Training College
7. One day School on Commercial Banking at Catholic Syrian Bank Head Office.

Field Training

The main objective of field training was to familiarize with structure and operations of various development institutions. The institution we visited were.

Placement Report of Co-operatives and Other Institutions

1. Adat Farmers Service Co-operative Bank

I had undergone training in Adat Farmers Service Co-operative Bank from 09-03-2000 to 11-03-2000. The Branch Manager explained to me the various functions of the bank and its overall performance. I collected some of the relevant data from him.

This training helped me to understand the membership pattern of the FSS, area of operation, objectives, types of deposits, loans and advances and its procedures, management and administration, organisational structure and procedures and methods of accounts maintained in the bank.

2. *Kanimangalam Consumer Co-operative Store Ltd., No.447 (KCCS)*

The training in Kanimangalan Consumer Co-operative Store was from 13-02-2000 to 14-02-2000. In the absents of the secretary, we had discussion with the subordinate staff to know about the performance and functions of KCCS. The discussion was mainly based on the functions, sources of funds, commodity group handled, pricing policies and methods, role of board of directors, financial statements, etc. The store was running on profit since 1995-96. There after it nose dived to loss. The activities of the store is merely confined to the operations of the public distribution systems.

3. *Thrissur District Paddy Processing and Marketing Co-operative Society Ltd., No. 923 (TDPCS)*

The training in TDPCS was from 20th to 24th March 2000. The training imparted knowledge in the field of marketing of paddy in addition to it I had gone through the functions, business operations, management aspects etc.

4. *Kodungallor Town Co-operative Bank Ltd., No.102 (KTCB)*

The training at KTCB was from 25-03-2000 to 27-03-2000. KTCB is functioning well and at the same time this bank is unable to compete with the commercial banks fully. Because of the restrictions in its operations, since it has to abide the co-operative laws strictly. I had discussion with both General Manager and Chief Accountant of the bank, which in turn resulted to know its operational aspects and accounting practices in detail.

5. *Nadavaramba Krishna Bellmetal Workers Handicrafts Industrial (Workshop) Co-operative Society, Ltd., No.199 (BELLWICS)*

The training at BELLWICS was from 28-03-2000 to 29-03-2000. BELLWICS engaged in the production of numerous products made up of Bellmetal. It receives financial support from central and state governments through Thrissur District Co-operative Bank. The main problem in its functioning is the tough competition in the market put up by the North Indian lobby.

Placement Report in Development Department Agencies

1. *Krishi Bhavan*

I was placed at Krishi Bhavan of Ollukkara Panchayat, Thrissur from 17-05-2000 to 18-05-2000. The main objective of the

training was to study the extension management. The training helped me to know about the functions of Krishi Bhavan.

2. Ollukkara Grama Panchayath

The training Ollukkara Grama Panchayath was for three days from 19-05-2000 to 22-05-2000. The main objective of the training was to understand the role of panchayath in rural development. The experience gained from the panchayath was about the planning, management and implementation of a various projects under the people's planning. Moreover, I studied functional linkages of panchayath with other institutions such as central and State Governments and Rural Development Board.

3. Nirmithi Kendra

As part of the training in NGOs, I was placed in Nirmithi Kendra for two days, from 23-05-2000 to 24-05-2000. Nirmithi Kendra concentrates only in construction works. It has got functional linkage with many organisations, which are engaged in development works. Nirmithi Kendra is unique in it function.

Village Stay

As part of the village stay programem we stayed in Adat Grama Panchayath. The programme was for five days i.e., from 08-05-

2000 to 12-05-2000. Our boarding was arranged in Sri Ramakrishna mission Math. The stay helped me to know about the various aspects of the rural life. The socio-economic survey conducted during the period of village stay helped me to know about the socio-economic conditions, farming practices, credit needs, etc., of the village people. The session of resource mapping handled by experts gave me a new idea of mapping the resources of the village.

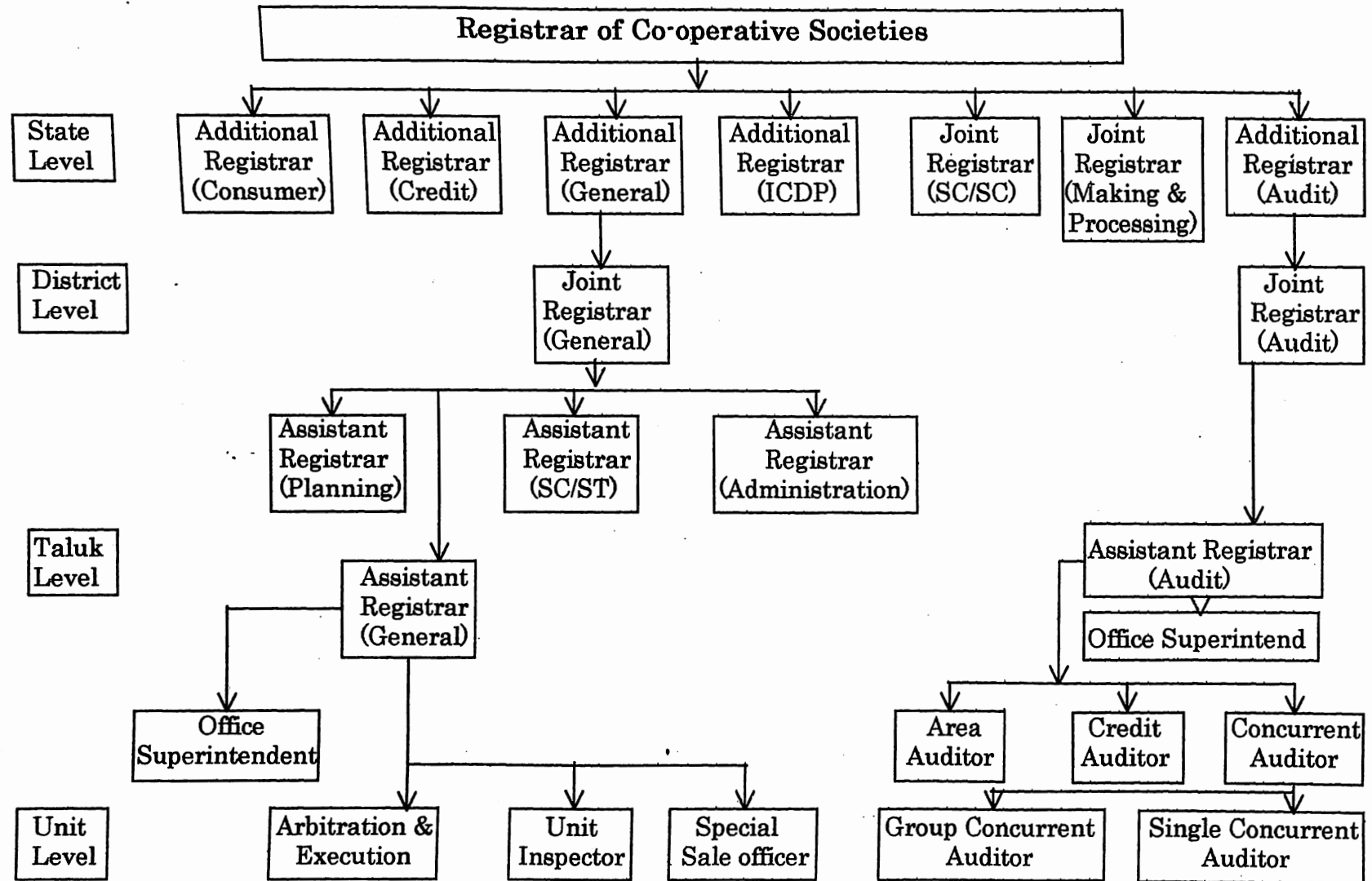
DEPARTMENT TRAINING

As part of the department training I have undergone training and placement in the Department of Co-operation for a period of 28 days at the office of Assistant Registrar of Co-operative societies, Sasthamcotta, Kollam district. The department training has two phases viz. training at the General wing and Auditing.

A. General Wing

I reported therefore the Assistant Registrar of Co-operative Societies (General), Sasthamcotta on 26th May 2000 and submitted the joining report. For the first two days the officer gave some theoretical exposure into the organisational setup of the Department of Co-operation of Government of Kerala. The department structure is as follows.

ORGANISATIONAL HIERARCHY OF THE DEPARTMENT OF CO-OPERATION



I was placed under the charge of a co-operative inspector, Sasthamcotta unit. The training commenced with the understanding of the department structure.

The general wing deals with all matters regarding general administration of all the societies in the taluk. The co-operative inspector explained about the procedures and practices followed for the various functional aspects of the department. The information and work experience gained during the training in the general wing are as follows.

Registration of Co-operative Society

During my department training at the Office of Assistant Registrar, Sasthamcotta, I referred the registration procedure of Kunnathoor Rural Housing Society. For the purpose of registration of the Co-operative society, there should be at least 25 members. Each of such person should be from different families. These members shall select a chief promoter. Before collecting share capital from the willing persons, the Promoter must get permission from the joint Registrar. This is done in order to avoid overlapping of area of operation of the same kind. The promoter should apply to the registrar for the registration in the specified format signed by each promoter member accompanied by three copies of the draft bylaws of the proposed society. There should be also a certificate from the financing bank about the shares invested. All the applications are

directed through the Assistant Registrar to the Registrar of Co-operative societies. If the Registrar is satisfied he issues a 'Certificate of Registration'. In the case of refusal it is to be intimated within seven days of receipt of application.

Every society shall commence its working within six months after its registration and the chief promoter should convene the first general body meeting within three months of the date of the registration.

Conduct of Election

According to the Kerala Co-operative Societies Act 1969, the resolution regarding the election must be passed by the existing Committee of the society at least 60 days prior to the expiry of its term. The resolution should contain the date, place and time of the proposed election. On receipt of such a resolution passed for the conduct of election, the Registrar appoints a Returning Officer. The Registrar will publish the list of Voters and will issue the election memorandum which contain the details regarding the date of filing of nomination, scrutiny, withdrawals, election counting etc. The used and unused ballot papers shall be handed over to the secretary of the society. The whole procedures will be entered in the minutes book of the society by the Returning Officer. The Returning Officer intimates the results of the election to the Registrar and also records it in the

minutes book of the society and places the results on the notice board of the society.

Amendment of Byelaws

The proposal for the amendment of byelaws shall be made by a resolution passed by two-third majority of members presented and voting at the general body meeting. If the general body favours the proposal, the same should be forwarded to the joint Registrar within one month from the date of the general body together with necessary application. A copy of byelaw in force and four copies of the proposed byelaw should accompany the application. If the Registrar is satisfied that the proposed amendments are beneficial to the better working of the society, the Registrar will forward a copy of registered amendment together with a certificate of registration signed and sealed by him to the society. If the amendment is refused, he shall communicate the order of the refusal to the society within one week.

Enquiry

The inspector explained about the enquiry conducted in the societies. The enquiry is conducted by the Registrar either by suo-moto or on application of the concerned society or on the application of one-third of members. On receipt of the orders the person authorised to conduct enquiry shall proceed to examine the books of accounts and other records in the possession of the society. The

nature of information to be collected will differ according to the type of the society and the specific points to be enquired into. The enquiry report contains all the details of the society along with the findings and the reason for defects, if any.

Inspection

Inspection of a society is conducted as per the section 66 of the Kerala Co-operative Societies Act, 1969. I accompanied the inspector to conduct an inspection in the Ambalthumbagam Service Co-operative Bank. The main procedures covered under the inspection are physical verification of books and records to ascertain their accuracy. The inspection notes prepared contains the working results during the period of inspection, with reference to aspects such as membership, removal of overlapping areas of operation, whether the loan issue was done timely etc. Emphasis will be given on qualitative aspects of the society like implementation of suggestions of auditors, whether the society is sticking on to procedures and precision of the Act etc. A detailed inspection report will be submitted to the Assistant Registrar along with suggestions for improving the working of the society. The purpose of the inspection is to ascertain whether the society is functioning as per the rules and resolutions of the KCCS act, 1969.

Arbitration

Along with the Arbitration and execution inspector I visited Ambalathumbagam Service Co-operative Bank in connection with the disposal of arbitration. I was also able to refer the various cases received by the office. The procedure for arbitration was also explained to me by the inspector.

If a member defaults his payments, a demand notice will be served by Registered Post by the society. If the default is not cleared within the specified date the Committee will take decision of arbitration. The society should remit the necessary fees at the nearest treasury and attach the receipt of the same along with the petition and a copy of the resolution passed, to the Registrar. The Registrar will appoint the arbitrator and the arbitrator will send summons to all the parties involved stating the date of hearing. In the hearing conducted by the arbitrator, the arguments and complaints of both parties will be heard and award will be given on this basis.

On declaration of the award, the applicant can file the execution petition in the form prescribed by the Registrar. In receipt of application for execution, the Registrar issue notice together with the copy of the application to the concerned person, directing him to clear the debt within a period of 60 days from the date of service.

Execution

On completing the arbitration procedures and issue of award, the committee of the society shall send a notice to the defaulter asking him to repay the amount within 15 days of the receipt of the notice. If the defaulter does not respond, the society can file an execution petition at the office of the Assistant Registrar, accompanied by a copy of resolution passed.

The Assistant Registrar will appoint a sale officer. The sale officer will send demand notice to the defaulter directing him to pay the amount. If the defaulter fails to pay, sale proceedings will be started. The seized property will be resorted to public auction after notifying the time and place of sale. If the amount realised by way of auction is less than the amount due, properties of the sureties will be attached.

Supersession

If the committee of any society persistently makes default or is negligent in the performance of the duties imposed on it, the registrar may after giving the committee an opportunity to state its objections, if any, by an order in writing remove the existing committee and appoint a new committee consisting of not more than three members of the society, in its place or appoint one or more administrator or administrators who need not be a member or

members of the society, to manage the affairs of the society for a period of one year, which at the discretion of the Registrar can be extended subjected to a maximum of two years.

B. Audit Wing

I reported to the office of the Assistant Registrar of Co-operative societies (Audit) on 14th June 2000. The Assistant Registrar deputed me to the senior Auditor of Patharam Service Co-operative bank, who is the single concurrent auditor. The auditor guided me to familiarise with the various aspects of auditing.

The audit wing deals with all matters regarding the statutory audit of all Co-operative societies in the taluk. This wing is headed by the Assistant Registrar (Audit) who is assisted by the auditors of the Co-operative societies.

Verification of Cash Balance

The audit programme commence with the physical verification of cash balance to see whether it corresponds with the balance as recorded in the books of accounts. It is also checked whether the balance is maintainable as per the provisions of the byelaw.

Vouching and Checking

The receipts and vouchers are checked for the amount, date, folio number, signature etc. to ensure correct entries in the registers concerned. The entries are originally made in the subsidiary day books and are subsequently posted to the main day book and the general ledger. Vouching is done by making tick mark on the respective vouchers, receipts and books. Societies are classified into A,B,C and D based on the marks obtained by them as follows:-

A class	-	60 marks and above
B class	-	50 – 59 marks
C class	-	35 – 49 marks
D class	-	below 35.

Audit classification is done by the Auditor. No society is classified to the first two years of audit.

Audit Note and Audit Memorandum

After completion of all the above mentioned tasks the auditor prepares on Audit note and Audit memorandum in triplicate along with an Audit certificate. One copy of this is submitted at the audit wing, the seasonal sent to the general wing and third to the society concerned.

The audit note contains details regarding the operation of the society and statements such as receipt and disbursement statement, profit and loss account, confirmation of deposits and loans, balance sheet etc.

The audit memorandum consist of the audit classification statement and a summary of defects as observed by the auditor.

Estimation of Bad and Doubtful Debts

The loans and advances overdue for a period of three years are treated as doubtful and those exceeding six years as bad. Provision of 50 per cent for doubtful debts and 100 per cent for bad debts.

Preparation of Final Accounts

This involves compilation of Receipts and Disbursement statement by consolidating the various branch R&D statements. Both the receipts and disbursement sides of the R&D statement should tally. This is followed by the preparation of profit and loss account and finally, the total assets and liabilities are enlisted to prepare the balance sheet for the year.

Audit Classification

The audit classification is based on performance indicators with 100 marks apportioned as follows:-

Capital structure	-	20
Loans to members	-	40
Management	-	15
General working	-	<u>25</u>
Total		<u>100</u>

Audit Certificate

Within six months from the date of audit, the Assistant Registrar shall issue to the secretary concerned an Audit Certificate certifying the audit of accounts of the society. This is accompanied by a copy of the Audit memorandum duly signed by him.

The training at the co-operative department concluded on 26-06-2000. This practical exposure helped to complement my theoretical knowledge of co-operative principles and philosophy with actual practices and procedures followed by the departments.

Institutional Training

The project work of my training was undergone in Sasthamcotta Primary Co-operative Agricultural and Rural

Development Bank. Ltd., NO.Q 373. I was expected to know the activities and functioning of the selected institution in general and to analysis the impact of Dairy Development Scheme of the bank in particular.

I reported before the secretary of the bank on July 1st 2000. I spent about 15 days in understanding the functioning of the bank. The secretary provided me the necessary records.

The Sastahmcotta PCARDB in functioning in a federal setup, with Kerala State Co-operative Agricultural and Rural Development Bank (KSCARDB) as the apex body, with an area of operation covering Kunnathoor and Adoor taluks. The bank is having a branch at Adoor.

