

Agricultural Cooperation

Co-operation

- Derived from Latin words “Co”= Together & “Operari”=Work
Therefore, Co-Operatives means Working Together!!
- Simply, Co-operative can be defined as a group of people working together to fulfill certain objectives.
- “An autonomous association of persons united voluntarily to meet their common economic, social & cultural needs and aspirations through a jointly owned & democratically controlled enterprise”

- “Co-operation is a specialized form of economic organization in which people voluntarily associate together on a basis of equality for the promotion of their common economic interests”.
- A Co-operative Society is an enterprise formed and directed by an association of users, applying within itself, the rules of democracy, and directly intended to serve both its own members and the community as a whole

WORKING TOGETHER !!!



The Cooperative Principles

First schedule of the Multi state cooperative societies Act, 2002 (sec 3(g))

Voluntary and Open Membership

Democratic Member Control

Economic participation by Members

Autonomy and Independence

Education, Training and Information

Cooperation among Cooperatives

Concern for Community

Features of Cooperative Society

- 1. Open membership
- 2. Voluntary association
- 3. State control
- 4. Sources of finance
- 5. Democratic management
- 6. Service motive
- 7. Distribution of surplus
- 8. Self-help through mutual cooperation
- 9. Nature of formation
- 10. Number of members
- 11. Legal entity

Objectives of Cooperative Society

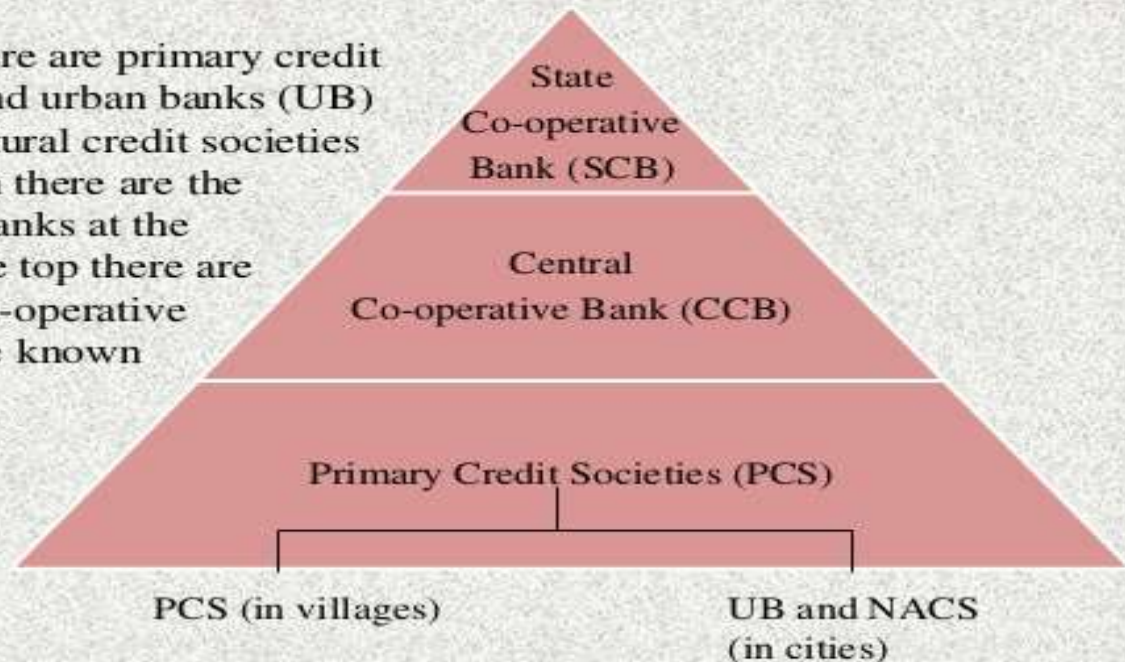
1. Social welfare
2. Financial stability
3. Creating unity
4. Developing efficiency
5. Supply of goods at fair price
6. Creating self dependency
7. Solution of capital problem
8. Poverty alleviation

Shape of Co operative system

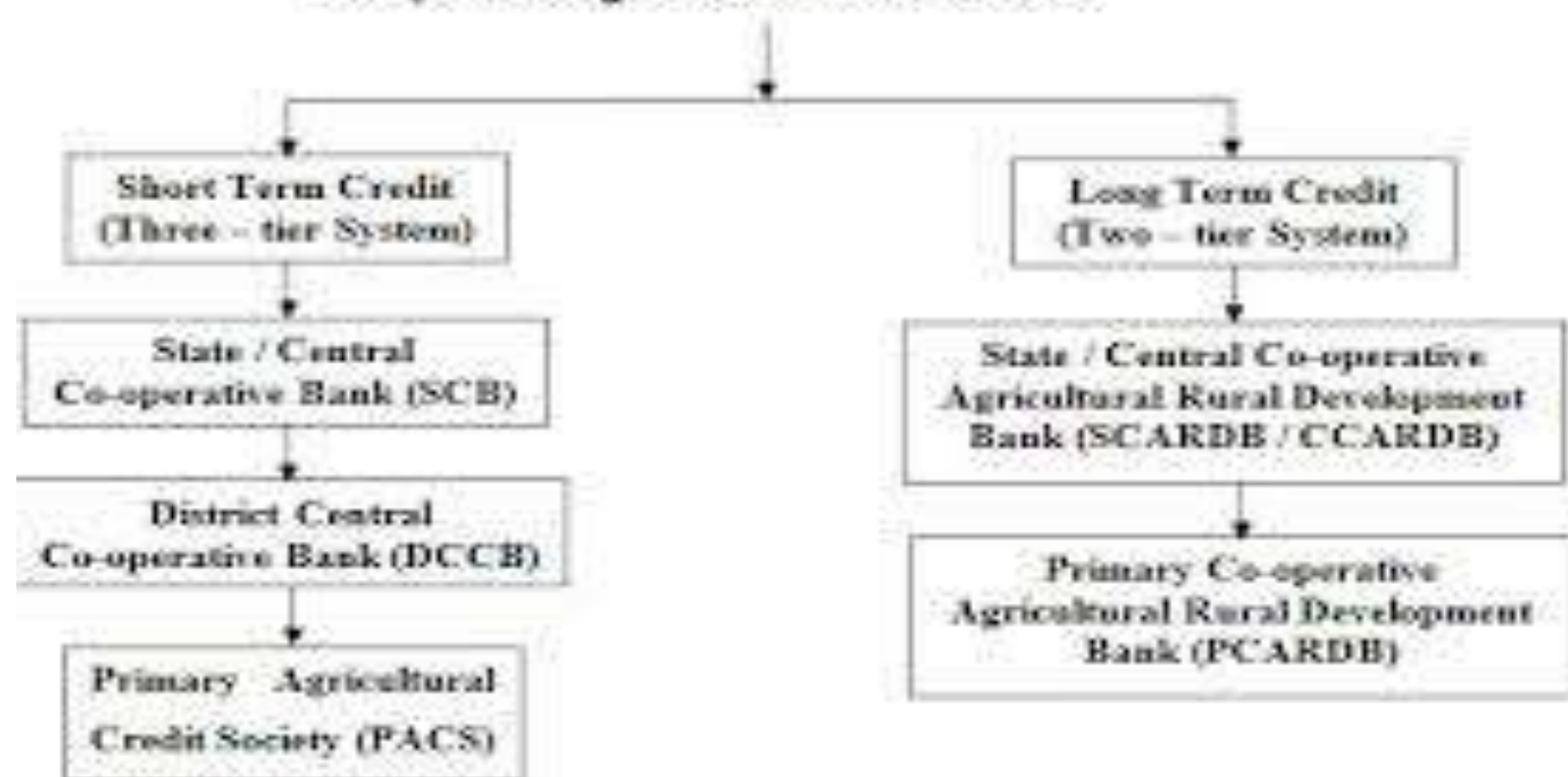
- Pyramid in shape
- State control
- In rural India, there exists a 3-tier short-term rural cooperative structure.
- Tier-I includes state cooperative banks (SCBs) at the state level;
- Tier-II includes central cooperative banks (CCBs) at the district level; and
- Tier- III includes primary agricultural credit societies (PACSs)

Structure of Co-operative Banks in India

- ❑ Co-operative banking in India is federal in its structure.
- ❑ At the lower rung, there are primary credit societies in villages and urban banks (UB) and other non-agricultural credit societies (NACS) in cities, then there are the central co-operative banks at the district level and at the top there are Provincial or State Co-operative banks in each state are known as “Apex” Banks.



Co-operative Agricultural Credit Structure



Meaning of Co-operative Banks

- A co-operative bank is a financial entity which belongs to its members, who are at the same time the owners and the customers of their bank.
- Co-operative banks are often created by persons belonging to the same local or professional community or sharing a common interest.
- Co-operative banks generally provide their members with a wide range of banking and financial services (loans, deposits, banking accounts).
- They are registered under the Cooperative Societies Act, 1912, and governed by the Banking Regulations Act 1949 and Banking Laws (co-operative societies) Act, 1965

- They are organized and managed on the principal of cooperation, self-help, and mutual help. They function with the rule of one member, one vote.
- Function on "no profit, no loss" basis. Co-operative banks, as a principle, do not pursue the goal of profit maximization.
- Co-operative bank performs all the main banking functions of deposit mobilization, supply of credit and provision of remittance facilities.
- Co-operative Banks provide limited banking products and are functionally specialists in agriculture related products. However, co-operative banks now provide housing loans also

Primary Credit Societies (PCS)

- Primary credit society is at the bottom of the three-tier structure of co-operative banks.
- The society normally comes in contact with the farmers and makes only a few members living within the area of the society.
- Here individuals of a particular area meet together inspired by sentiment of co-operation.
- Every member has to pay his share in the share capital. The price of a share is nominal.
- The main aim of forming this organisation is to make the farmers free from the fatal grip of local lenders and releasing them from their exploitation and providing the credit at cheaper rates of interest

- **Primary Credit Societies (PCS)**
- The society is managed by elected persons:
- Honorary secretary and members of working committee. Financial sources: Admission fees to become a member, share capital, deposits from the people.
- Finance from Central co- operative banks or State co-operative banks if needed. Field of Action:
- As per the act of co-operative credit society 1904, 10 or more individuals who are not from the same family and they are belonging to the same village or town can establish the primary credit society .
- As per the co-operative society Act, 1912 as per the regulation of the state, each such society is required to be registered. The field of jurisdiction is limited only up to the field of area of a particular village or a town where it has been established

Functions:

- 1) Provide short and medium term loans and advances to needy members mainly out of the deposits.
- 2) Supply all necessities required for agriculture, such as agricultural tools, seeds, fertilizers and insecticides.
- 3) Market the agricultural products and crops.
- 4) Supply certain consumable goods like food-grains, sugar, kerosene and other essential commodities.
- 5) Encourage the habits of saving among its members.
- 6) Arrange the programmes regarding the economic welfare of its members

Central (District) Co-operative Banks

- The central co-operative bank is a link joining state co-operative bank with the primary credit society. For making the provision of the monetary aid to primary credit societies and through them to the needy farmers the district co-operative banks were established at the district level.

Functions Dist Cooperative Bank :

- 1) Supplies money to primary credit society.
- 2) Collects deposits from rural areas and farmers and provides it to the PCS in the form of safe investment. Also accept deposits from the private credit societies at attracted rates.
- 3) Gives money to other co-operative institutes at a reasonable rate of interest.
- 4) Supervises the functioning of PCS and gives training, guidance and advices to the employees of credit society only.
- 5) Advances loan to the people against their first class gilt edged securities.

State Co-operative Banks

- State co-operative bank means the principal society in a state which is registered under the Government Societies Act, 1912 or any other law in force in India related to co-operative societies in the state.
- This bank especially co-ordinates the activities of district co-operative banks and controls them and give them required guidance

Management: SCB

- The ultimate authority of state co-operative bank lies with the general body and managing committee of the state co-operative bank. The general body elects the board of director as per the banking regulation act, rules and by laws.
- The state government is also party to the bank management and share capital and hence the state government nominates its own representatives.
- The number of such representatives should not exceed one-third of the total general body strength. The selected board of directors appoints a general manager known as managing director.
- Financial sources: Share capital, deposit collection from co-operative institutions, public and business, loan from RBI.

Functions: SCB

- 1) Assist the central banks and to balance excess and deficiencies in the resources of central banks.
- 2) Keep watch on all the district co-operative banks within the state.
- 3) Act as a chain between co-operative activities and country's money market.
- 4) Directs the guidelines for the development of co-operative activities to the district banks situated in the state.
- 5) Helps district co-operative banks in the form of subsidies.
- 6) Create proper environment for the rapid growth of co-operative activity.

- 7) Plays the role of friend, philosopher and guide to all the co-operative institutions in the state.
- 8) Manage for imparting education and training of co-operative activities in the state.
- 9) Provides credit to the primary credit societies through the central co- operative banks.
- 10) Provides the facility of re-discounting of bills and clearing house