



ISSN NO. 2320-5407

Journal homepage: <http://www.journalijar.com>

INTERNATIONAL JOURNAL
OF ADVANCED RESEARCH

RESEARCH ARTICLE

SCENARIO OF CO-OPERATIVE MOVEMENT IN HIMACHAL PRADESH

Dinesh Kumar Sharma¹, Shyam Prashad², Arjun Kumar³

1. Department of Economics Arni University, Kathgarh (Indora) Himachal Pradesh- INDIA
2. Department of Economics Himachal Pradesh University Shimla Himachal Pradesh - INDIA
3. Department of Civil Engineering Arni University, Kathgarh (Indora), Himachal Pradesh- INDIA

Manuscript Info**Manuscript History:**

Received: 15 November 2014
Final Accepted: 22 December 2014
Published Online: January 2014

Key words:

co-operative, Himachal Pradesh

Corresponding Author*Dinesh Kumar Sharma****Abstract**

The Himachal Pradesh lit the bonfire of co-operative movement in the country, when first co-operative society was established in Panjavar village of Una District in 1892 twelve years before the enactment of Co-operative Societies Act in 1904. In 1948 the Pradesh inherited 663 cooperative societies but the number of cooperative societies has increased from 3677 in 1975 to 4426 in 2007-08 which shows an increase of 20.36%. The co-operative movement in Himachal Pradesh has assumed pivotal and additional role particularly after the fifth plan when the emphasis has shifted towards betterment of weaker sections of the society. In the modern concept, cooperative are established to perform specific functions, cooperative societies may be found at local, regional, national and international level where a distinction is made among them on the basis of the extent of area they cover. We come across co-operative societies in the primary, secondary and tertiary sectors. Within the primary sectors, there are co-operatives for farming, marketing, processing, fishing, dairying etc. Co-operative in the secondary sector contains industrial co-operative and in the tertiary sector, we have co-operative banking. Apart from these, there are consumers cooperative, housing cooperatives, co-operative societies for displaced persons etc. But though these co-operatives have diversified goals, they all work in a similar manner. The co-operative enterprise follow the following principles of co-operation i.e. open and voluntary membership, democratic set-up, limited interest on capital, equal distribution of profit, co-operative education and co-operation among the cooperatives.

Copy Right, IJAR, 2015., All rights reserved

INTRODUCTION

The Himachal Pradesh lit the bonfire of co-operative movement in the country, when first co-operative society was establishment in Panjavar Village of Una district in 1892, twelve years before the enactment of Co-operative Societies Act in 1904. The societies registered under the Act worked well without the support of the Government officials but had worked quite unnoticed for a whole decade. The story of the working of this society has been given in the Punjab Registrar's first report to the Government in the following way: "This society was formed in 1892 and joined by all the land-owners of the village, now fifty five in number.

The Himachal Pradesh inherited 663 societies in 1948 and most of them were in dormant position. The co-operative movement virtually commenced with the launching of first five year plan. Since then, the co-operative movement has made a significant progress in various sectors. The number of co-operatives societies in Himachal Pradesh has increased to 4403 in 1998-99.

The co-operative movement in Himachal Pradesh has assumed pivotal and additional role particularly after fifth plan, when the emphasis has been shifted towards the betterment of weaker sections of the society. The performance of the co-operatives has been adjusted against their objectives namely, capital mobilization, credit disbursement, marketing and processing etc. Higher the level of deposits better is the performance of a co-operative on its objective of saving mobilization. Not only increasing volume of savings but also their proper application leads to higher development rate. Their performance in providing short, medium and long term loans to the farmers, searching remunerative markets for improved production, happens to throw serious challenges to co-operatives.

The co-operatives performance is further evaluated on the basis of nature and volume of essential commodities distributed among the needy people. Similarly the co-operatives undertaking other activities like industrial development, poultry, housing etc., and their performance depends upon how efficiently they perform these activities.

In Himachal Pradesh, the co-operative societies Act was introduced in 1956 and thereafter it was modified in 1968 after the reorganization of the state.

COOPERATIVE DEPARTMENT

The Department of Cooperation was established in 1948 immediately after the formation of Himachal Pradesh. The main objective of the Department was to eliminate exploitation of common man by middleman and money lenders by ensuring credit facilities to farmers at low rate of Interest through Cooperative institutions, focus being to ameliorate socio-economic condition of the people. It is also envisaged enabling empowerment for people to come together for constituting organizations for mutual benefit, build up synergies and drive economic benefits.

The first H.P Cooperative Societies Act, enacted in 1956 and prior to this Cooperative Society were registered under the Cooperative Societies Registration Act, 1912. Reorganization of the State paved the way to enact H.P. Cooperative Societies Act 1968, because most of the Societies in the new merged area were of unlimited liabilities as such H.P. Cooperative Societies Rules, 1971 were also framed by the Government for strengthening the Cooperative movement in the State.

OBJECTIVES OF THE STUDY

To study the existing organizational structure of co-operative department in Himachal Pradesh.

To study the growth of co-operative movement in Himachal Pradesh since 1975.

To examine the general performance of co-operative institution in Himachal Pradesh since 1975.

To identify the problems and to make recommendation for further improvement in the functioning of co-operative institution in Himachal Pradesh.

RESEARCH METHODOLOGY

A research design is a plan according to which observations are made and data is assembled. It provides the empirical and logical basis for drawing conclusions and gaining knowledge. For accomplishing the objectives of the study both secondary data have been utilized. The study is mainly based on secondary data collected from various sources. The analysis in the study be largely on secondary data which has been gathered from the different sources:

SOURCE OF DATA

For accomplishing the objectives of the study, mainly secondary data will be utilized which will be collected from the various published and unpublished documents of state Govt., local Govt. and the bank. Data provide by the registrar H.P. Co-operative societies will also be collected and utilized in research, certain information will also be collected by conducting interviews and discussions with the authorities, officials and employees of the head office and branches of the co-operative institutions which are directly and indirectly engaged with the activities of the co-operative institution.

TOOLS OF ANALYSIS

Consistent with the objective of the study the trading & profit and loss account and other relevant documents of the co-operative institutes of last 30-32 years will be collected and different techniques will be used for analysis of the data. Data will be presented through tables, figures and simple statistical techniques. If analysis i.e. average, percentages, ratio and comparative statement analysis will be applied and in case of need advanced techniques may be used to analysis the data.

The data collected from annual reports has been classified and arranged in table in one or more forms, according to the requirement of analysis. For analysis the result, the following techniques have been applied.

COMPARATIVE STATEMENT ANALYSIS

Comparative study analysis helps in finding out the comparative change during the past time. Comparative study indicates the direction of the movement with respect to the financial position and profitability. The comparative statement give absolute change in the different elements of final accounts , as well as the percentage

change on the basis of last year. Here in the study comparative statements are used to find out the positional statement through comparative statement. The percentage change over the previous year can give the more clear idea out the movement of financial position. It can be calculated by:

$$\frac{\text{Change in element}}{\text{Amount of the element in previous year}} \times 100$$

APPRAISAL OF THE CO-OPERATIVE INSTITUTION IN HIMACHAL PRADESH SINCE 1975

This study deals with the analysis of data pertaining to the objective of the present study. It has been given section wise

Organizational Structure of Co-operative Department in Himachal Pradesh

The Department of Cooperation was established in 1948 immediately after the formation of Himachal Pradesh. The main objective of the Department was to eliminate exploitation of common man by middleman and money lenders by ensuring credit facilities to farmers at low rate of Interest through Cooperative institutions, focus being to ameliorate socio-economic condition of the people. It is also envisaged enabling empowerment for people to come together for constituting organizations for mutual benefit, build up synergies and drive economic benefits.

The first H.P Cooperative Societies Act, enacted in 1956 and prior to this Cooperative Societies were registered under the Cooperative Societies Registration Act, 1912. With the reorganization of Punjab State in 1966, four more hilly districts namely, Kangra, Kullu, Lahual & Spiti and Shimla were formed. Simultaneously on 1st September, 1972 two more districts viz. Hamirpur and Una were created out of Kangra District and Solan also named as a district dropping Mahasu District. Reorganization of the State paved the way to enact H.P. Cooperative Societies Act 1968, because most of the Societies in the new merged area were of unlimited liabilities as such H.P. Cooperative Societies Rules, 1971 were also framed by the Government for strengthening the Cooperative movement in the State.

This section deals with the data/information related to the existing organizing structure of co-operative Department of H.P.

It reveals that there are three administrative (Dy. RCS) Division Further divided into 12 Districts with four Districts attached to each Division. For Administrative and regulatory function 16 ARCS Circle and 73 Community Development (CD) Block circle has been created. The maximum number of ARCS circle 7 and CD Block 29 created in Dy RCS (West) and minimum number of ARCS circle 4 and CD Blocks 20 created in RCS (Central). Further the highest 44.98% of Co-operative Societies with number 2120 created in Dy. RCS (West) the lowest 26.93% of Co-operative Societies with number 1269 created in Dy. RCS (Central). Table reveals that in average 5 CD Blocks exists under each ARCS.

Further, the study shows that average 65 Societies exist under the each CD block. The maximum number of Societies 231 under the CD Block Kullu and minimum number of societies 13 under the Shillai CD Block in District Sirmaur. It is clear that average 296 cooperative Institutions exist under the each ARCS circle. It shows heavy burden on the employees in case of supervision and maintenance of cooperative institutions.

It is clear from the study that 1060 posts of different categories have been sanctioned in the cooperative department and 577 posts were filled and 483 were remained vacant in the department. This shows that only 54.44 posts were filled and remaining 45.56% lying vacant in the department of cooperative.

The study reveals that the key post of Assistant Registrar Cooperative societies out of sanctioned 18 post 9 post were remained vacant in the department. It indicates 50% of the sanctioned posts remained vacant. The post of the ARCS is the key stone in the arch of cooperative administration. On him depends the efficiency of cooperative administration? Unfortunately, it is seen that very little attention is being paid towards the grooming of officers appointed. The importance of the role of Registrar in cooperative administration has been underlined by several expert committees. The Registrar has been described not just as a mere official, but a friend, philosopher and guide. The officer must, therefore, be selected carefully and the sanctioned post should be filled and trained properly before he assumes the post and should be kept for fairly a long period to do justice to his work and responsibility.

Further, the study shows that the important posts for the supervision Inspector Grade-I (General /Audit) category were sanctioned 535 out of which 214 were remaining vacant. It indicates 40% posts were vacant of the total sanctioned post in the cooperative of department of the Himachal Pradesh.

It is by now apparent that the lack of effective supervision over societies has resulted in incidence of heavy overdue, low coverage of borrowing membership, low off take of loans, non-viability of Societies and mismanagement of society's affairs. There is an imperative need not only to strengthen the supervisory machinery but also to improve the quality of supervision exercised over Societies. The span and control of supervision must be prescribed so as to ensure that no supervisor is kept in charge of more than 15 to 20 societies. Further, a proper record of the performance of each supervisor should be maintained by the controlling office besides having a clearly laid down job chart.

Growth of Co-operative Movement in Himachal Pradesh since 1975

This study devoted to present the growth of cooperative movement in Himachal Pradesh since 1975 to 2008. It deals with the data pertaining to the number of Co-operative Societies, Membership and Rural Population covered under the cooperative movement.

Number of Co-operative Institution in Himachal Pradesh since 1975

In Himachal Pradesh co-operative movement started with the establishment of first cooperative society in Panjavar village of District Una district in 1892, twelve years before the enactment of Co-operative Societies Act in 1904. The societies registered under the Act worked well without the support of the Government officials but had worked quite unnoticed for whole decade. The Pradesh inherited 663 societies in 1948 and most of them were in dormant position. The co-operative movement virtually commenced with the launching of first five year plan. Since then, the co-operative movement has made a significant progress in various sectors.

The description of the Growth in Number of Co-operative Institution in Himachal Pradesh since 1975 has been shown in table 1

Table. 1. Number of Co-operative Institution in Himachal Pradesh since 1975

Description	1975	1979	1985	1990	1995	2002	2007-08	% increase
Total No. of Coop. Inst.	3677	3575	3453	3958	4419	4334	4426	20.36

Source: Compiled from the Annual Administrative Reports, Department of Cooperation Himachal Pradesh.

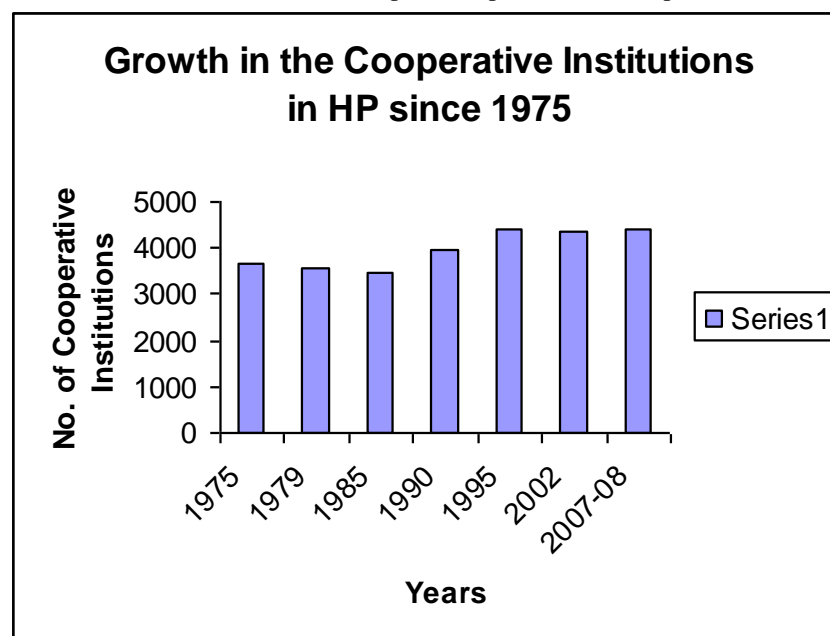


Fig.1. Growth in the Cooperative institutions in H.P from 1975-2008.

The above table 1 shown that the number of Cooperative Institution in Himachal Pradesh increases from 3677 in 1975 to 4426 in 2007-08 it means that the increase of 20.36% in Cooperative Institution in Himachal Pradesh during the period of 1975 to 2007-08.

Membership of Co-operative Institution in Himachal Pradesh since 1975

Membership of a co-operative institution is open to all persons residing within its area of operation irrespective of race, creed, colour or sex. The principle of universal membership has since been enshrined in the co-operative societies Acts of all the states. To become a member a person should have attained the age of 18 years and must be competent to contact as per the existing laws. The description of the Growth in Membership of Co-operative Institution in Himachal Pradesh since 1975 has been shown in table 2.

Table 2 Membership of Co-operative Movement in Himachal Pradesh since 1975

(Values in Lacs)								
Description	1975	1979	1985	1990	1995	2002	2007-08	% increase
Membership (in lacs)	5.93	6.85	8.32	8.85	11.53	11.87	13.87	133.89

Source : Compiled from the Annual Administrative Reports, Department of Cooperation Himachal Pradesh.



Fig.2. Growth in the membership in Cooperative institutions in H.P d (in lacs) from 1975-2008.

It is evident from the table 2 membership of Cooperative Institution has increased from 5.93 lacs in 1975 to 13.87 lacs in 2007-08 an increase of 133.89%. The average membership was 161 in 1975 have gone up to 313 in 2007-08, reveals a hike of 94.40%. Further Table clearly brings to the fore fact that 19.53% population of Himachal Pradesh actively connecting with the cooperative movement.

The Rural Population Cover under the cooperation in Himachal Pradesh since 1975

Indian economy is predominantly a rural economy. Around 70 percent of its population lives in rural areas. Strengthening of rural economy is the corner stone of India's development. Cooperative movement is an effective means for the rural development.

The description of the Rural Population cover under the cooperation in Himachal Pradesh since 1975 has been shown in table 3

Table 3 Rural Population Cover under the cooperation in Himachal Pradesh since 1975

(Values in Lacs)								
Description	1975	1979	1985	1990	1995	2002	2007-08	%
Rural Population Covered under the Coop.	76%	89%	87%	100%	100%	100%	100%	31.75%

Source: Compiled from the Annual Administrative Reports, Department of Cooperation Himachal Pradesh.

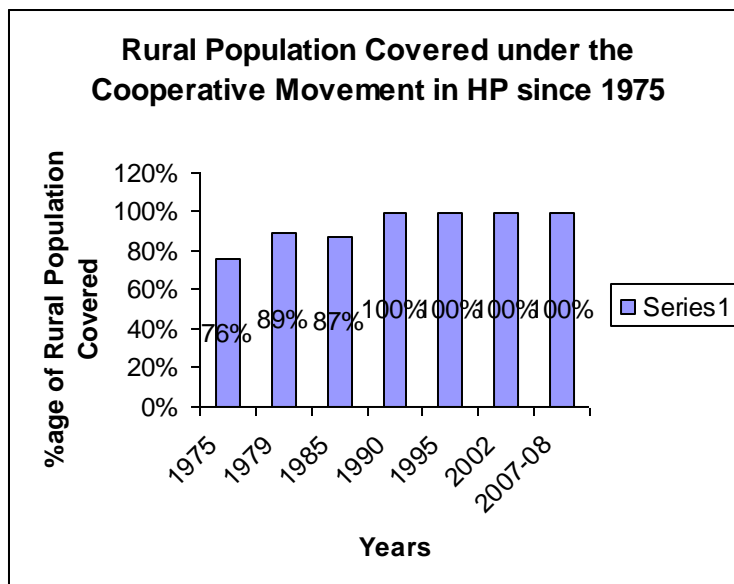


Fig.3 . Rural Population Cover under the cooperation in Himachal Pradesh from 1975-2008.

The table 3 shown that the Co-operative movement is become popular day to day. In 1975, 76% population covered under the co-operative movement which increased 100% Since 1990 to 2007-08. It reveals an increase of 31.75%. At present cent per cent villages of Himachal Pradesh has covered by the co-operative network.

General Performance of Co-operative Institution in Himachal Pradesh since 1975

The co-operative movement in Himachal Pradesh has assumed pivotal and additional role particularly after fifth plan, when the emphasis has been shifted towards the betterment of weaker sections of the society. The performance of the co-operatives has been adjudged against their objectives namely, capital mobilization, credit disbursement, marketing and processing etc. Higher the level of deposits better is the performance of a co-operative on its objective on its objective of saving mobilization. Not only increasing volume of savings but also their proper application leads to higher development rate. Their performance in providing short, medium and long term loans to the farmers, searching remunerative markets for improved production, happens to throw serious challenge to co-operatives. The co-operatives performance is further evaluated on the basis of nature and volume of essential commodities distributed among the needy people. Similarly the co-operatives undertaking other activities like industrial development, poultry, housing etc., and their performance depends upon how efficiently they perform these activities.

This section deals with data pertaining to the share capital, working capital, total loan issued, Marketing of Agriculture Product, distribution of consumer goods

Growth in Share Capital of Co-operative Institutions in Himachal Pradesh Since 1975

Each individual who is admitted to the membership of a PACS is required to purchase at least one share. The borrowing members are required to purchase shares in a fixed proportion to their borrowings from the society. Thus, there is a linking of shareholdings with the borrowings of an individual member. This proportion is higher in case of big farmers and smaller in case of small and marginal farmers, rural artisans and other members belonging to the weaker sections of the society. The total share capital held by a society it in its turn a determinant of its borrowing power from the Central Co-operative Bank.

The description of the growth in share capital in the cooperative institution in Himachal Pradesh since 1975 has been shown in table 4

Table 4. Growth in Share Capital of Co-operative Institutions in Himachal Pradesh Since 1975

(Value in Lacs)

Description	1975	1979	1985	1990	1995	2002	2007-08	Avg % increase
Share Capital	523.88	952.40	2169.76	3386.17	7527.98	11461.65	18026.32	82.91

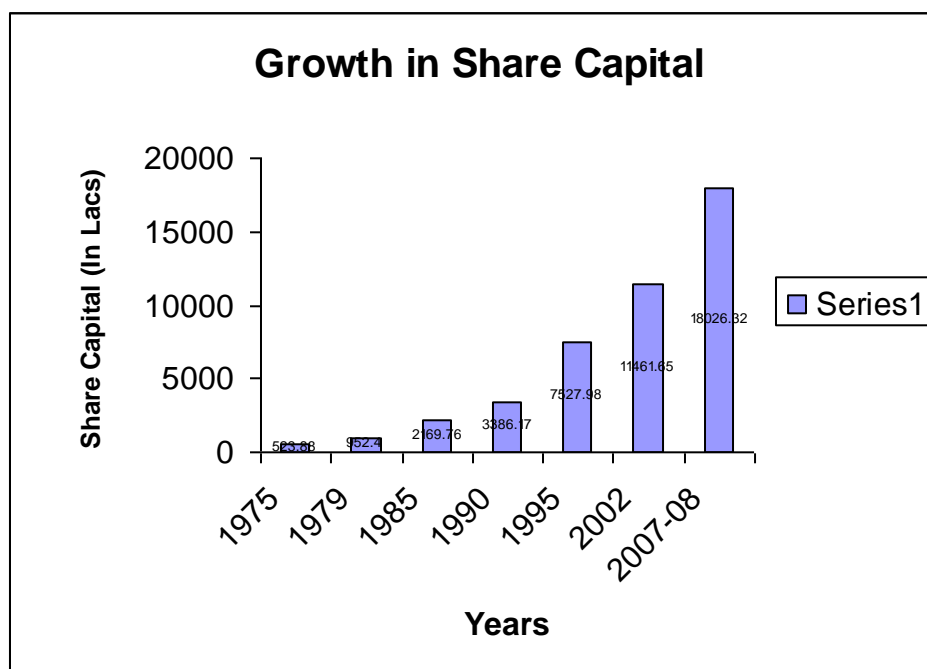
Source: Compiled from the Annual Administrative Reports, Department of Cooperation Himachal Pradesh.**Fig.4.** Growth in the share capital of Cooperative institutions H.P. (in lacs) from 1975-2008.

Table 4 reveals that the share capital of co-operative institutions in H.P. has rises up from Rs. 523.88 lacs in 1975 with an increase to Rs.18026.32 lacs in 2007-08 depicts an average increase of 82.91%. Per society share capital increased from Rs. 14247.48 in 1975 to Rs. 407282.42 in 2007-08 shows an increase of 2758.62%. Per member share in cooperative institution has also shown a significant increase from Rs. 88.34 during 1975 to Rs. 1299.66 during 2007-08, an increase of 1371.20%. This confirms the increasing faith of people in the cooperative movement. On the whole, this refers to activated process of institutionalization of saving high rate of capital formation and acceptance economic develop of co-operative movement.

Growth in Working Capital of Co-operative Institutions in Himachal Pradesh Since 1975

Working capital includes paid-up share capital, loans and deposits and funds created out of profit excluding fixed assets, locked in the building, etc.

The description of the growth in working capital in the cooperative institution in Himachal Pradesh since 1975 has been shown in table 5

Table 5 Growth in Working Capital of Co-operative Institutions in Himachal Pradesh Since 1975

(Values in Lacs)

Description	1975	1979	1985	1990	1995	2002	2007-08	Avg % increase
Working Capital	5277.33	7341.08	16455.61	42142.52	147469.76	338989.20	1039225.01	150.97

Source: Compiled from the Annual Administrative Reports, Department of Cooperation Himachal Pradesh.

Growth in Working Capital

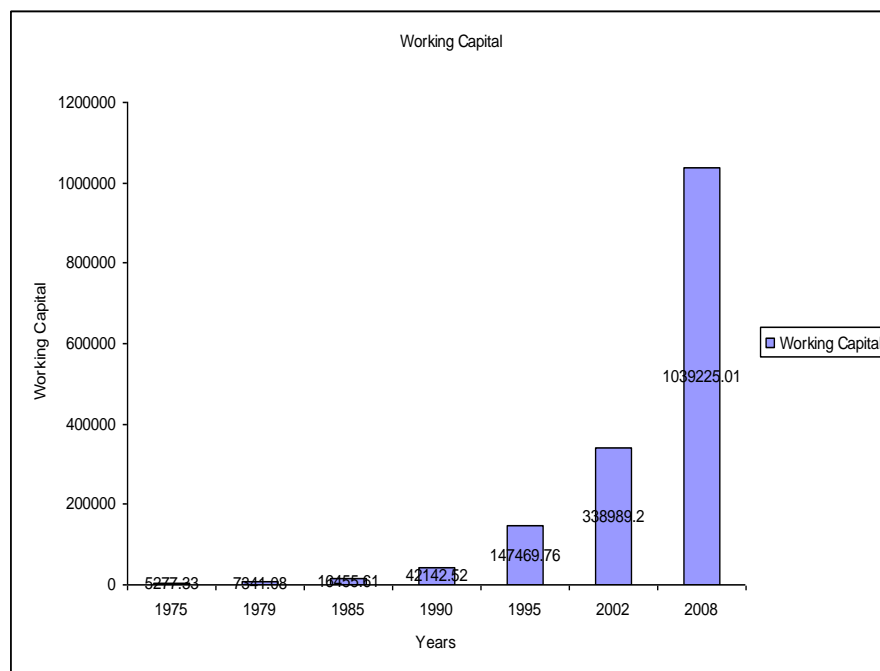


Fig. 5 Growth in Working Capital of Co-operative Institutions in Himachal Pradesh (in lacs) from 1975-2008.

The table 5 indicates that the working capital of co-operative institutions has also gained from Rs.5277.33 lacs in 1975 with an increase to Rs.1039225.01 lacs with the average percentage of 150.97% in 2007-08 which is significant increase in working capital. Per society working capital which was Rs. 1.43 lacs in 1975 has gone up to Rs. 234.80 lacs in 2007-08 reveals the massive hike of 16319.58%. Per member of working capital has increased from Rs. 889.93 to Rs. 74926.10 during 1975 to 2007-08 respectively shows an massive increase of 8319.32%.

Growth in the short term and mid term loan issued by the cooperative institutions in Himachal Pradesh Since 1975

The cooperative institutions provide short term as well as Midterm credit to his member. Short terms loans are given for the periods generally not exceeding one year for seasonal agriculture operation such as purchase of seeds, insecticides, pesticides etc and are recoverable from the proceeding of harvest. Mid term loans are meeting outlay relating to the replacement and maintenance of wasting assets and for the capital investments designed to increase the output from land. Such loans are generally repayable within period arranging from 3 to 5 years. The description of the growth in short terms and mid term loan issued by the cooperative institution in Himachal Pradesh since 1975 has been shown in table 6.

Table 6

Growth in the short term and mid term loan issued by the cooperative institutions in Himachal Pradesh Since 1975

(Values in Lacs)

Description	1975	1979	1985	1990	1995	2002	2007-08	Avg % increase
Short term & mid term Loan Issued	516.57	649.59	1202.29	1674.60	3654.11	6808.92	20018.34	91.44

Source: Compiled from the Annual Administrative Reports, Department of Cooperation Himachal Pradesh.

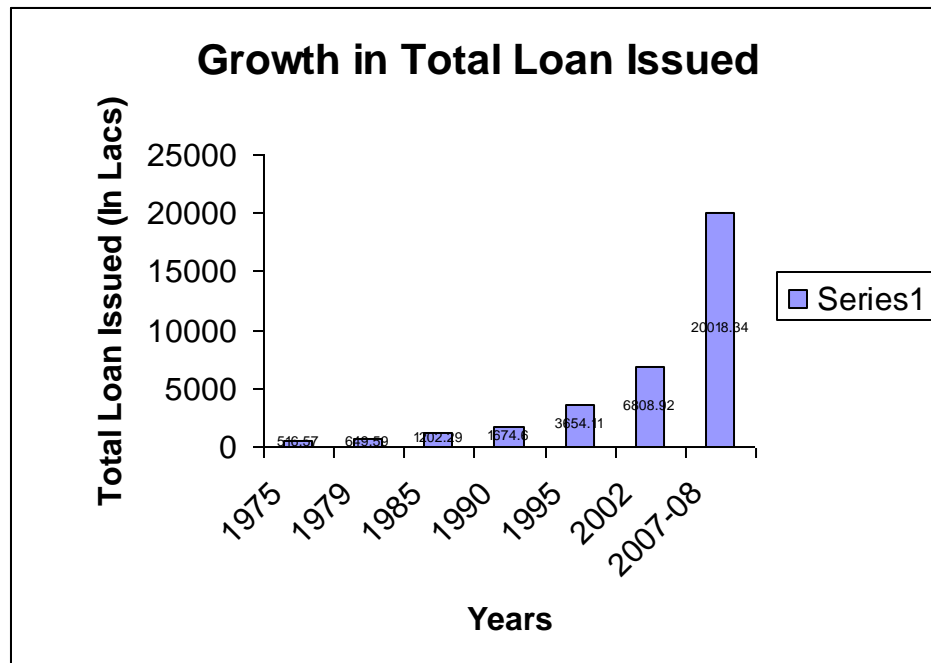


Fig. 6 Growth in the total loan issued by the cooperative institutions in Himachal Pradesh (in lacs) from 1975-2008.

The table 6 reveals that the short term and midterm loans are issued by co-operative institutions increases from Rs. 516.57 lacs in 1975 to Rs. 20018.34 lacs during 2007-08 indicates an average hike of 91.44%. Per society short term mid term loan are arisen up from Rs. 14048 in 1975 to Rs. 452289.65 during 2007-08 shows an increase of 3119.44%. Per member short term and midterm loans have increased from Rs. 87.11 in 1975 to Rs. 14432.28 in 2007-08 increase of 1556.85%.

Growth in Marketing of Agricultural Products by co-operative Institutions in Himachal Pradesh since 1975

Marketing co-operatives are organized by agricultural producers with the object of undertaking all types of marketing on efficient lines and in such a way that the producers secure the best price for their produce and are saved from the exploitation to which they otherwise are subjected.

The description of the growth in the marketing of agricultural products by the cooperative institution in Himachal Pradesh since 1975 has been shown in table 7.

Table 7 Growth in Marketing of Agricultural Products by co-operative Institutions in Himachal Pradesh since 1975
(Values in Lacs)

Description	1975	1979	1985	1990	1995	2002	2007-08	Avg % Increase
Mktg of Agr. Product	156.95	383.44	795.71	3575.90	4626.61	5027.15	4341.67	104.26

Source: Compiled from the Annual Administrative Reports, Department of Cooperation Himachal Pradesh.

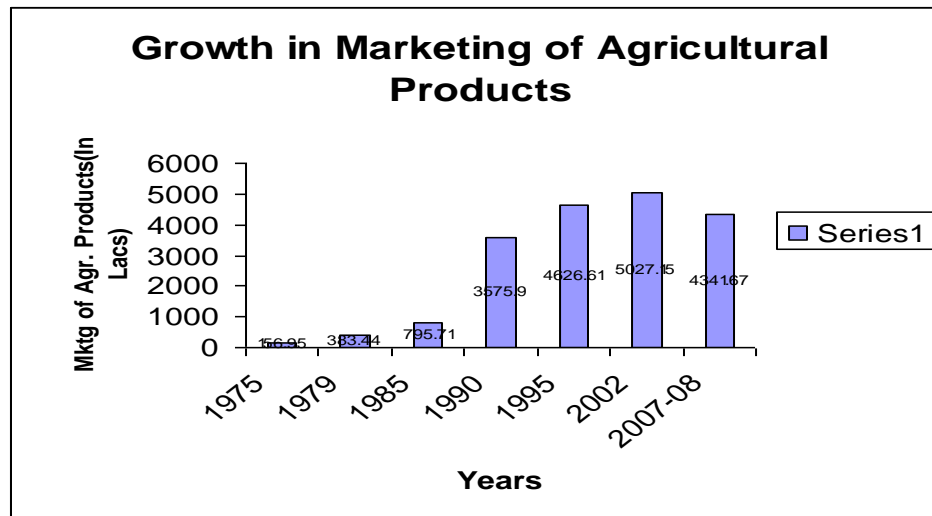


Fig.7. Growth in Marketing Agricultural Products by co-operative Institutions in Himachal Pradesh (in lacs) from 1975-2008.

Table 7 shows that the marketing of agricultural products by co-operative institutions which went up from Rs.156.95 lacs in 1975 to Rs. 4341.67 lacs during 2007-08 reveals an average increase of 104.26%.

In the field of marketing of agriculture produce, the performance of cooperative has been observed commendable.

Performance of Distribution of Consumer Goods by Co-operative Institution in Himachal Pradesh since 1975.

As the cooperative institutions make purchases in bulk, mostly from the production centers, they can supply them to the members at reasonable rates. In fact co-operative stores do not work with a profit motive. They do strive to make a small profit after meeting their costs but this surplus is meant to meet unforeseen losses and to strengthen their funds.

The description of the performance of Distribution of consumer goods in the cooperative institution in Himachal Pradesh since 1975 has been shown in table 8

Table 8: Performance of Distribution of Consumer Goods by Co-operative Institution in Himachal Pradesh since 1975.

Description	(Values in Lacs)							Avg% increase
	1975	1979	1985	1990	1995	2002	2007-08	
Distr. Of Consumer Goods	1305.29	920.10	5286.20	7189.87	11232.83	15554.56	55807.60	139.08

Source: Compiled from the Annual Administrative Reports, Department of Cooperation Himachal Pradesh.

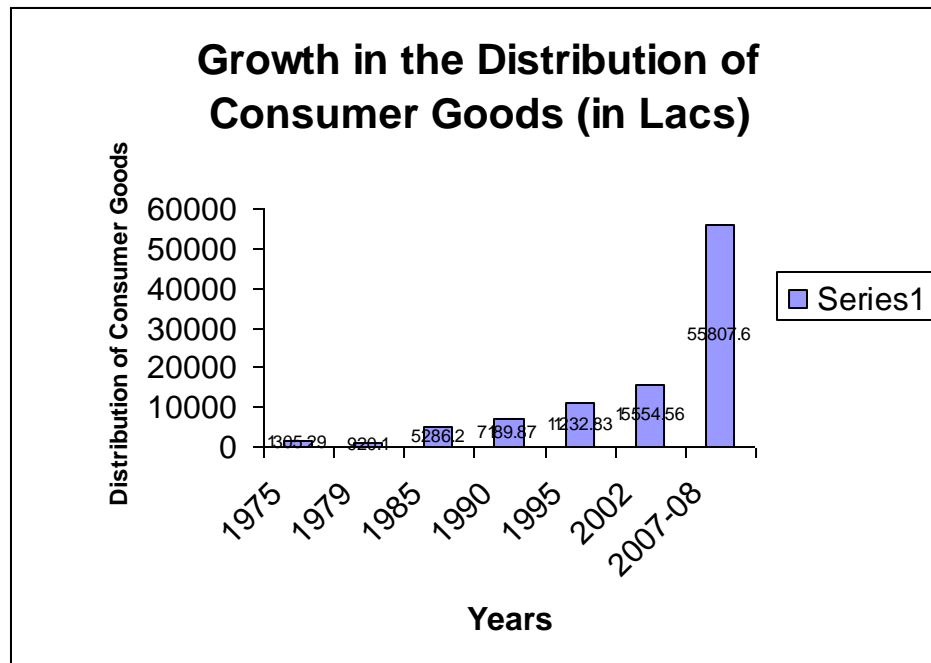


Fig. 8 Growth in the distribution of consumer goods (in lacs) from 1975-2008.

The table 8 refers to the performance of distribution of consumer goods by co-operative institutions were Rs.1305.29 lacs in 1975 and Rs. 55807.60 lacs in the year 2007-08 with average hike in percentage of 139.08%. Majority of cooperative institution in the state is engaged in the marketing and distribution of essential goods and agricultural inputs. It clearly brings to the fore the fact that largely the cooperative institutions are engaged in activities of making the essential goods available to rural masses.

MAIN FINDINGS, CONCLUSION AND SUGGESTIONS

This study presents a synoptic view of the findings, conclusion and suggestions for the further improvement in the functioning of cooperative institutions in Himachal Pradesh.

MAIN FINDINGS

Following conclusions have been drawn from the study:

1. The department of cooperation was established in 1948 immediately after the formation of Himachal Pradesh. At present there are three administrative Division further divided into 12 Districts with four districts attached to each Division. For Administrative and Regulatory Functions 16 Assistant Registrar Cooperative Societies Circle and 73 Community Development Block circle has been created.
2. In the Cooperative Department of Himachal Pradesh there 1060 posts of different categories have been sanctioned in the cooperative department and 577 posts were filled and 483 were remained vacant in the department. This shows that only 54.44 posts were filled and remaining 45.56% lying vacant in the department of cooperative.
3. The key post of Assistant Registrar Cooperative societies out of sanctioned 18 post 9 post was remained vacant in the department. It indicates 50% of the sanctioned posts remained vacant. Due to high vacancy it hurdles the functioning of the cooperative department in Himachal Pradesh.
4. The posts for the supervision Inspector Grade-I (General /Audit) category were sanctioned 535 out of which 214 were remain vacant. It indicates 40% posts were vacant of the total sanctioned post in the cooperative of department of the Himachal Pradesh. It is by now apparent that the lack of effective supervision over societies has resulted in incidence of heavy overdue, low coverage of borrowing membership, low off take of loans, non-viability of Societies and mismanagement of society's affairs. There is an imperative need not only to strengthen the supervisory machinery but also to improve the

- quality of supervision exercised over Societies. The span and control of supervision must be prescribed so as to ensure that no supervisor is kept in charge of more than 15 to 20 societies.
5. The number of cooperative institutions in Himachal Pradesh increases from 3677 in 1975 to 4426 in 2007-08. It means that the increase of 20.36% in the cooperative institution.
 6. Membership of cooperative institutions has increased from 5.93 lacs in 1975 to 13.97 lacs in 2007-08 which shows an increase of 133.89%. It brings the fore-fact that 19.53% population of Himachal Pradesh actively connecting in Himachal Pradesh.
 7. The cooperative movement become popular day to day in 1975, 76% population covered under cooperative movement which increased 100% during 2007-08. At present cent per cent villages of Himachal Pradesh has covered under the Cooperative network.
 8. The amount of share capital the cooperative institution has gone up from 523.88 lacs in 1975 to 18026.32 lacs in 2007-08 to depict an average increase of 82.91%.
 9. The working capital has tremendously gone up from Rs. 5277.33 lacs in 1975 to Rs. 1039225.01 lacs in 2007-08. It shows massive average increase of 150.97%.
 10. Distribution of loan has been recorded to the tune of Rs.516.57 lacs in 1975 which went upto Rs. 20018.56 lacs during 2007-08 which reveals a note worthy average increase of 91.44%.
 11. Marketing of agricultural product by co-operative institutions which went up from Rs. 156.95 lacs in 1975 to Rs. 4341.67 lacs during 2007-08 reveals an average increase of 104.26%. In the field of marketing of agriculture product the performance of cooperative has been observed commendable.
 12. The distribution of consumer goods by cooperative institution was Rs. 1305.29 lacs in 1975 and Rs. 55807.60 lacs in the year 2007-08 with hike in average percentage of 139.08%. Majority of cooperative institution in the state is engaged in the marketing and distribution of essential goods and agricultural inputs. It clearly brings to the fore-fact that largely the cooperative institutions are engaged in activities of making the essential goods available to rural masses.

CONCLUSION

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through jointly-owned and democratically-controlled enterprises, cooperative helps strengthen basic and ethical values among members and the community at large.

Each and every member, in some way, should participate in the business e.g., purchases from the cooperatives, sale to the cooperative, and save with the cooperative, by doing so the members strengthen their own organization. They also repose their confidence in their own organization. Participation in the business is the key to the success of a cooperative enterprise, by doing so the methods and techniques of doing business get refined and become more efficient. They are then able to gauge and satisfy the interests of members better.

Cooperatives are established by the members to serve themselves under their own management. If the members do not participate in the business and organization structures they fail themselves. Cooperatives are not formed just to borrow money to produce something or to satisfy their own personal needs. Cooperatives expect that the members sell their produce through them, and if cooperatives fail to serve their members, the members should give advice and suggestions to them.

A dedicated and honest person should hold the office in a cooperative. The person should be completely devoted to the cause, basis and Principles of cooperation and should discharge his duties honestly and faithfully. The dedication and honesty is a natural trait and these get strengthened while performing duties with full devotion and sense of service to the cooperative and members.

In the modern concept, cooperative are established to perform specific functions, cooperative societies may be found at local, regional, national and international level where a distinction is made among them on the basis of the extent of area they cover. We come across co-operative societies in the primary, secondary and tertiary sectors. Within the primary sectors, there are co-operatives for farming, marketing, processing, fishing, dairying etc. Co-operative in the secondary sector contains industrial co-operative and in the tertiary sector, we have co-operative banking. Apart from these, there are consumers cooperative, housing cooperatives, co-operative societies for displaced persons etc. But though these co-operatives have diversified goals, they all work in a similar manner. The co-operative enterprise follow the following principles of co-operation i.e. open and voluntary membership, democratic set-up, limited interest on capital, equal distribution of profit, co-operative education and co-operation among the cooperatives.

Co-operative movement took its shape in a formal manner as a defiance mechanism to provide relief to agricultural masses against the exorbitant interest rates charges by the money lenders. The performance of co-operative movement during the period from 1906-07 to 1911-12 remained progressive in all respects. After the

induction of co-operative Societies Act in 1912, there was rapid growth of the co-operative societies. Rate of expansion in the number of societies was the highest in 1915-16 and the lowest in 1920-30. Membership was the highest in 1921-22 and it was lowest in 1927-28. Working capital recorded the highest rate of growth in the year 1915-16. But it stood stagnant in the year 1921-22. The great depression of 1929 gave a set back to the Cooperative movement. The overall performance of the co-operative societies in the country remained satisfactory. There was a temporary decline in the figure consequent on the partition, but the progress made consequently was appreciable.

The Himachal Pradesh lit the bona fide of co-operative movement in the country, when first co-operative society was established in Panjavar village of Una District in 1892 twelve years before the enactment of Co-operative Societies Act in 1904. In 1948 the Pradesh inherited 663 cooperative societies but the number of cooperative societies has increased from 3677 in 1975 to 4426 in 2007-08 which shows an increase of 20.36%. The co-operative movement in Himachal Pradesh has assumed pivotal and additional role particularly after the fifth plan when the emphasis has shifted towards betterment of weaker sections of the society.

In Himachal Pradesh, the cooperative society Act was introduced in 1956 and thereafter it was introduced in 1956 and there after it was modified in 1968 after the reorganization of the State. Presently, there are three administrative (Dy. RCS) Division further divided into 12 Districts with four Districts attached to each Division. For Administrative and regulatory function 16 ARCS Circle and 73 Community Development Block circle has been created.

The average 65 Societies exist under the each CD block. The maximum numbers of Societies are 231 under the CD Block Kullu under minimum number of societies are 13 under the Shillai CD Block in District Sirmaur.

There are 1060 posts of different categories have been sanctioned in the cooperative department and 577 posts were filled and 483 were remained vacant in the department. This shows that only 54.44 posts were filled and remaining 45.56% lying vacant in the department of cooperative. It shows heavy burden on the employees in case of supervision and maintenance of cooperative institutions.

Total Membership of cooperative institutions has increased from 5.93 lacs in 1975 to 13.97 lacs in 2007-08 which shown an increase of 133.89%. Per Society membership was 161 in 1975 have gone to 313 in 2007-08, reveals the hike of 94.40%. Cooperative movement is become popular day by day, in 1975, 76% population covered under the cooperative movement as present cent per cent of population HP has covered under the cooperative network.

The amount of share capital the cooperative institution has gone up from 523.88 lacs in 1975 to 18026.32 lacs in 2007-08 to depict an average increase of 82.91%. This confirms the increasing faith of the people in the cooperative movement on the whole this refers to activated process of institutionalization of saving high rate of capital formation and acceptance economic development of cooperative movement. The working capital has tremendously gone up from Rs. 5277.33 lacs in 1975 to Rs. 1039225.01 lacs in 2007-08. It shows massive average increase of 150.97%.

The short term and mid-term distribution of loan has been recorded to the tune of Rs. 516.57 lacs in 1975 which went upto Rs. 20018.56 lacs during 2007-08 which reveals a note worthy average increase of 91.44%. The total loan issued by the cooperative institutions in 1998-99 was Rs. 19758.33 lacs and in the year 2007-08 and Rs. 37568.67 lacs which shown the 90.14% increase in the agricultural loan and non agricultural loan. The Trends of issuing loan shows that the mid-term loan mopped up 69.36% of the total loan issued by the co-operative institutions.

The marketing of agricultural product by co-operative institutions which went up from Rs. 156.95 lacs in 1975 to Rs. 4341.67 lacs during 2007-08 reveals an average increase of 104.26%. In the field of marketing of agriculture product the performance of cooperative has been observed commendable. The distribution of consumer goods by cooperative institution was Rs. 1305.29 lacs in 1975 and Rs. 55807.60 lacs in the year 2007-08 with hike in average percentage of 139.08%. Majority of cooperative institution in the state is engaged in the marketing and distribution of essential goods and agricultural inputs. It clearly brings to the fore fact that largely the cooperative institutions are engaged in activities of making the essential goods available to rural masses.

In the wake of massive farmer suicides in Maharashtra recently, the relevance of cooperative has come into a sharp focus. The cooperative credit institutions through the years have established strong rapport with the farmers by providing them credit at a reasonable rate thus saving them from the clutches of exploitative money-lenders. Presence of a formal cooperative credit structure has not only been a bog boon for the farmers, but it has also provided them psychological confidence to face unforeseen circumstances.

The recent news reports indicating that generous relief announced by the Government which were intended to provide relief to the distressed farmers have not gone into the hands of the affected people is a grim reminder that financial largesse can not only be a sole panacea for farmer's woes. Instead, one has to look deep into the existing

scenario, and identify the missing threads. A government-sponsored study done by Indira Gandhi Institute of Development Research contents that there is a need for policy level changes to avert the disasters in the long run. No doubt, a strong pointer is here that the cooperative credit institutions should be revitalized in every possible manner. If these institutions are allowed to function without any political interference, they can be the best agencies on whom the distressed farmers can bank upon.

Similarly, according to newspaper report, door-to-door survey conducted by the Maharashtra Government in the wake of the suicides has suggested that 75 % of the farming community is still away from any type of banking activity. As a result, they have been over charged by the private money lenders. This definitely have severe impact on the farmers who may be forced to take extreme step of suicide. At a time when banking institutions including cooperative credit agencies have shown enormous growth in almost all the areas, can the money lenders still play havoc with the lives of the farmers?

In the wake of the above, it clearly appears that strengthening the cooperative credit institutions have can have long term repercussions in serving the need of farmers. The need to establish new institutions in those areas where there is not formal banking structure has also become quite apparent.

SUGGESTIONS

On the basis of appraisal of cooperative institution in Himachal Pradesh the following suggestions are proposed which may be proved more useful to the organizational structure, growth of cooperative movement, efficiency and profitability in cooperative institution.

1. The officials of government cooperative department and the members should encourage the office-bearers and workers and should continue to appreciate their work. Good workers should be rewarded for their services Cooperative departmental officials are the friends of cooperatives and are in non way, the controllers and directors of cooperatives. Their main job is to help and assist cooperatives and guide the workers through training and education programmes.
2. Audit should be conducted by qualified chartered accountants in the societies having turnover of Rs. 1 crore or more. Those who are having a turnover of less than Rs. 1 crore, their audit may be conducted by certified or departmental auditors or chartered Accountants at the option of the society. Amendments to bye-laws and audit compliance reports must be submitted to the Registrar promptly. Any delay would lead to corruption and unnecessary harassment. Delay in compliance encourages corruption.
3. To motivate members and potential members to deposit their surplus in primary cooperative societies, the depositors and borrowers should have equal rights in voting.
4. Cooperative movement is not only a social and economic movement, but also serves as a moral building movement. An efficient cooperative serves as an ideal for the people. Such cooperatives generate social security and confidence among the members and general public. Cooperatives are little democracies operating at the doorstep of members. They help in improving the social and living standards or members.
5. Cooperatives are people-centred rather than capital-centred organizations. Therefore, training and extension is the most appropriate tool for developing the cooperatives, most valuable asset, i.e. their members. Old members must always be taught the values of free and democratic cooperation, of the rights and duties; while, new members must be taught the basic principles and the philosophy of cooperation.
6. Those cooperatives, which hold larger amounts in deposit, need to be extra-careful and vigilant in the management of funds. Funds should be invested carefully and wisely so that higher returns accrue to the organization and the members get added benefits. Higher returns to the members on their deposits add to the efficiency and goodwill of the cooperative. Members participate in the institution which brings them some economic benefits.
7. Cooperative, especially the village level agricultural cooperatives, should diversity their business. They should not restrict only to fertilizer and seed distribution. There are hosts of business of farm chemicals, production and distribution of vermicompost, deposit mobilization, fuel distribution, laying of nurseries, hiring of agricultural machines, electricity and water supply, farm extension and guidance, water and soil testing running a community centre, production of furniture, construction material, repair of machines and household equipment, warehousing, bee-keeping, livestock development, dairying, fisheries etc.
8. The agriculture cooperatives are handling huge quantity of agriculture product, vegetable, fruits etc. without brand names. The brand names of these goods will increase market share of cooperative.
9. Some preventive measures, such as determination of eligibility for loan purely on the basis of the repaying capacity, fixation of the period of the loan with refresh to the life of the assets etc, should be adopted. For instance when a asset is to be purchased it should be seen that the necessary implements are also purchased along with it.

10. The willful defaulters responsible for maintaining overdues should be forced to repay the loans and should be dealt with strictly.
11. Delivering of lectures to the farmers organizations for strengthening effective linkages between the farmers, non-farmers and PACS, between PACS and agro-processing and primary marketing societies.
12. Motivating educated unemployed rural youth and women folk for organizing agro-processing activity and for marketing their products through the cooperative channels.
13. Organize seminars and workshops for closer coordination between marketing cooperatives and consumers cooperatives at different levels.
14. Provide proper training to the members for administrating and controlling the cooperative organizations.
15. Office bearers of any political party should be debarred from becoming administrators of cooperative organizations. Now-a-days most of the cooperative organizations are control by political parties. However, they may be allowed to become ordinary members of the organizations.
16. Voluntary service organizations, teachers and others qualified persons should come forward to join and strengthen the cooperative movement in rural areas by actively participating in the movement.
17. Performance of cooperative Institution employees in terms of target attainment must be reviewed periodically.
18. In order to reduce the dependence on external funds, the cooperative institution has to arrange its own resources by using share capital, raising profits retained earning and government contribution instead of taking from other sources.

REFERENCES

- Ajit Singh (1995).** Performance Evaluation of Integrated Cooperative Development Projects in Himachal Pradesh, Ph.D Thesis (Unpublished) submitted to Himachal Pradesh University, Shimla-5.
- Allen Agens (1963).** The Cooperative Society, Manchester.
- Arvind G. Deshpande (2006).** Contribution of Cooperative Movement in the Indian Economy-A Case of UCBs. The Cooperator, 43(11): 475.
- Balister and Gupta V.K. (1987).** Role of Commercial Bank and Cooperatives in Financial I.R.D.P. Programme, (Indian Cooperative Review, 1987) P. 109
- Balram Jakhar (1991).** Jhakhar's Land Cooperatives, The Cooperator, XXIX(2):1.
- B. Tamilmani and Manivel S. (2006).** Cooperatives: An Effective Means for Rural Development", The Corporator, 44(3): 97.
- Chaudhary C.M., (1991).** Contribution of Cooperative Societies in Agriculture Credit. XXVI: 26.
- Chaman Lal Sankhyan (1989).** Performance Appraisal of Cooperative Banks in Himachal Pradesh. Ph. D. Thesis, H.P. University Shimla.
- Choubey B.N. (1968).** Principles and Practices of Cooperative Banking India. Asia Publishing House, Bombay.
- R.B.I. (1941-42).** Compiled from Review of Cooperative Movement in India,14.
- Report of Cooperative (1975 to 2007-08).**Compiled from Annual Administrative Compiled from Annual Administrative Report of Cooperative (1975 to 2007-08).
- Cooperative Planning Committee (1991).** Recent Trend in Cooperative Movement. The Cooperator, XXVII.
- D. Himachallam (1991).** Management of Consumer Cooperative", (New Delhi, Mittal Publication), p228.
- Daman Parkash (2000).** Cooperative and Social Development", Cooperative Perspective, p10.

- Daman Prakash (2009).** Some Essentials Factors for Strengthening Cooperatives”, The Corporator, 46(8), 350.
- Davaraja T.S. (2001).** An Evaluation of Bee Keepers Cooperative Society Ltd., Cooperative Perspective, April-June 2001.
- Digby, M. (1960).** The World Cooperative Movement, London.
- Dubey V.K. (2005).** Problems and Challenges before Agriculture Cooperatives in India. The Corporator, 43(6): 291.
- Gulatkan, V.D. and Bhole, B.D. (1973).** Institutional Credit for Agriculture in Parshani Distinct. Indian Cooperative Review, IX(4): 527.
- Gadgil, D.R. (1963-64).** Cooperative Finance-Some Problems”, Indian Cooperative Review, 1963-64.
- Goyal S.K., Suhang K.S. and Satnam Kaur (1997).** A Study of Temporal Charges in Cooperative Credit in India, Indian Cooperative Review, XXV(1): 54.
- House E. M. (1959).** The Cooperative Movement in India, Oxford University Press, London.
- H.L. Verma and Garg M.C.(1994).** Human Resources Development in Cooperative Sector. in the edited book by B.S. Bhatia, H.L. Verma M.C. Garg, “Cooperative and Human Resources Development. Tapping Manpower Resources”, (New Delhi Deep and Deep Publication, 1994).
- Hajeta T.N. (1981).** Principals of Cooperative”, Delhi.
- Kamat, G.S. (1979).** New Dimensional of Cooperative Management, Himalayan Publishing House, Bombay.
- Karma P.K. (1954).** Cooperative Management, Deep & Deep Publication.
- Karma P.K. (1987).** Cooperative Management, Deep and Deep Publication.
- Krishna Murthy, G. and Parmeshwar, P. (1995).** Deposit Mobilization by Central Cooperative Banks in Andhra Pradesh – A Review, Indian Cooperative Review, XXII(2).
- Kulwant Singh (1988).** Cooperative Agriculture Credit Utilization in Himachal Pradesh, Ph. D. Thesis, H.P. University Shimla.
- Kutumbe Rao M. (1974).** Indian Cooperative Movement, Professionalize or Perish” Indian Cooperative Review, XI(3): 303.
- Leonard Moral (1991).** The Cooperator. XXIX(2): 1.
- Nawal Sharma (1993).** Cooperative and Rural Development, The Cooperator, XXX: 552.
- Nakkrian, S. (1980).** Cooperative Banking in India”, Rainbow Publishing, Coimbatore.
- Pramod Kumar (2006).** New Horizons in Agricultural Cooperative Marketing, The Corporator, 43(7): 316.
- Pankaj Naithani (1998).** Cooperative Movement India: A Recap, Indian Cooperative Review, XXXV(3): 262.
- Patel S.M. and Thakur V.S. (1974).** An Appraisal of the Crop Loan System of a Cooperative Bank”, Indian Cooperative Review, XI(3): 303.
- Pathania K.S. (1998).** Management of Cooperative Finance in India, Delhi.
- Rajeshwari (1990).** Cooperative Development Activities, The Cooperator Banks in Himachal Pradesh, P. 47.

Rama Krishna Reddy P. (2009). Short-Term Cooperative Credit Movement in Rajasthan, The Corporator, 47(2).

Satish Kumar (1998). Performance Evaluation of Cooperative Land Development Bank in Himachal Pradesh” Ph. D. Thesis submitted to H.P. University.

Satish Kumar Soni (1995). A Critical Study of Human Resources Development in Cooperative Bank of HP”, Ph. D. thesis submitted to HP. University.

Satish Kumar Sharma and Kulwant Pathania (1996). Role and Performance of the HP State Cooperative Agriculture and Rural Development Bank, Laws Bank Journal, XXXV(11): 4-7.

Saxenan R.K. (1975). Evaluation of Cooperative thought, Bombay Somaiya Publication.

Shah, J.V. (1991). Minister of State for Agriculture and Cooperative, Govt. of India. The Cooperator, Reconstituted NCCI Meets, XXXVIII.

Shah V.M, (1999). Problems and Strategies of Cooperative Development, Kurukshetra, P.35.

Singh V.K. (1985). Indian and Education for Weaker Section, The Cooperator (Delhi NC VI, XII(6):. 115.

Tyagi, R.B. (1969). Recent Trend in Cooperative Movement in India, Asia Publishing House, Bombay.

Verma, Y. S.and Pathania, K.S. (1998). Regional Disparity in the Performance of Cooperative Movement”, Indian Cooperative Review.

Vishwanathan (1991). Cooperative News and Views, Issue No. 55.

REPORTS

Annual Administrative Reports of Cooperation, Department of Cooperation, Govt. of Himachal Pradesh (1975 to 2007-08).

Report of Committee on Cooperative in India, Bombay.

Report of Royal Commission on Agriculture in India, P.447

Report of Indian Central Banking Enquiry Committee. P. 117

Report of Cooperative Planning Committee Govt. of India, P. 19.

Report of Rural Banking Enquiry Committee, Govt. of India. P. 49

Report of the all India Rural Credit Survey Committee, Govt. of India, P. 228

Report of the Banking Commission Govt. of India, P. 586