

COOPERATIVE MOVEMENT
A STUDY ON TRIPURA STATE COOPERATIVE BANK

Purusottam Nayak

INTRODUCTION

A cooperative is basically an organisation for the establishment of a self-supporting community. It is owned by and operated for the benefit of those using its services. The first consumer cooperative started in Great Britain in 1844 with the establishment of Rochdale Society of Equitable Pioneers. The cooperative movement spread rapidly in the latter of the 19th century in the industrial and mining areas of northern Britain and Scotland. Subsequently it became popular amongst the urban working classes in Britain, France, Germany, Sweden and Netherlands. In the United States most of the cooperatives started in rural areas at the beginning of the 19th century and spread to urban areas during the late 20th century. In U.S.S.R. and Eastern Europe marketing cooperatives started to function as part of the centrally controlled purchasing network for farm produce. Since World War II marketing and credit cooperatives have been very important in many African countries.

The idea of cooperative took a concrete shape in India in 1904 when the Cooperative Credit Societies Act was passed with the objective of combating rural indebtedness and for providing registration to credit societies. Later in 1912, the Act made provisions for registration of non-credit societies and federations of cooperatives. Since then the cooperative have made noticeable progress, especially in the field of agricultural credit, marketing and processing of agricultural produce, supply of farm inputs and distribution of consumer goods.

There are as many as 3.5 lakh cooperative societies of all types in the country with total membership of about 15 crore and a total working capital of Rs.48,000 crore as on 30th June 1988 (Table 1). The distinguishing feature of cooperatives in India is that it is largely village based. Government's emphasis on institutionalization of distribution of inputs to farmers and marketing of their agricultural produce through cooperatives have helped a great deal in strengthening the cooperative sector in rural areas. The overall

strategy in this regard has been the promotion of agricultural outputs through provision of inputs and the protection of farmers through post harvest facilities. Besides, the consumer cooperatives which constitute an important organised structure in the distributive trade in India are playing vital role in making available essential and other consumable items to the common man at reasonable prices. The other important cooperatives in India are the Primary Agricultural Credit Societies, National Cooperative Development Corporation, Industrial Cooperatives, Spinning Mills Cooperatives, Dairy Cooperatives, Fishery Cooperatives, Poultry Cooperatives, Multipurpose Tribal Cooperatives, Non-agricultural Credit Societies, Cooperative Training and Education, etc.

The cooperative movement gained its momentum in Tripura during the last two decades. It has been playing a commendable role in solving the economic problems of the weaker sections of the society. The activities of the cooperatives are no more confined to the urban areas alone. These have been extended to the whole of the State benefiting particularly the poor people living in remotest areas. These cooperatives are being funded by the Central Government, State Government, NABARD, NCDC and the Reserve Bank of India. In the credit sector, the main thrust of the movement has been on gearing up the cooperative credit institutions and strengthening of their credit structure. With a view to achieve these objectives Large Size Multi-purpose Societies (LAMPS) have been established in tribal areas. As many as 55 LAMPS organised in Tribal Sub Plan areas are rendering package of services including agricultural credit for production, marketing, consumption etc. Apart from 55 LAMPS, 21 PACS and 136 Agro-Societies have been set up. To provide non-agricultural credit one Urban Bank, 12 Employees' Credit Societies and many more institutions have been established. The Tripura State Consumers Cooperative Federation and 93 other Primary Consumer Societies have been established and entrusted with the responsibility of distributing consumer goods and other essential commodities to the people at fair prices.

In order to gear up the working of the Primary Weavers' Cooperative Society, Tripura Apex Weavers' Cooperative Society has been established and it is playing a commendable role in arranging supply of raw materials, accessories and for ensuing rapid marketing of their products. Besides a two-tier marketing system has been introduced in the State. The Tripura Apex Marketing Cooperative Society is functioning at the State

level and 14 Primary Marketing Cooperative Societies at the Sub-Division and Block levels. The Apex Society and the Jute Corporation of India are acting as agents to procure raw materials for the Jute Mill of Tripura from the jute growers at support prices. These societies are also purchasing orange and pineapple and are engaged with procurement and distribution of cements and G.I. sheets as nominee of the State Government. Besides, many other cooperatives have also come into existence amongst fishermen, tea labourers, milk suppliers and workers in the brick factories.

TRIPURA STATE COOPERATIVE BANK (TSCB)

In order to help the farmers to get loans at their door steps Tripura State Cooperative Bank was set up as an apex institution on 25th January 1957. The Bank was recognized as State Cooperative Bank (SCB) by the Reserve Bank of India under Banking Regulation Act, 1949. It was subsequently registered under the Bombay Cooperative Societies Act, 1974. Though it was set up in 1957, it started opening up its branches from 1961 onwards. It is at present going ahead with the programmes for expansion of branches in the remotest corners of the State. In total 30 branches have come up out of which 15 are located in the West Tripura district, 8 in south Tripura and 7 in North Tripura districts. As per the bye-law of the bank its management is vested on a Board of Directors consisting of 7 representatives of Cooperative Societies, one representative of individual share holder and three nominees of State Government. But the Board has been kept superseded since 1968. At present the bank is managed by an Administrator appointed by the State Government. The Administrator is discharging the duties of the Board of Directors under the direct control and supervision of the Registrar of Cooperative Societies, Tripura. The Bank has been serving the people of Tripura in the following manner for the last four decades:

1. Accepting all kinds of deposit and paying half percent more interest over the interest paid by the commercial banks to its depositors;
2. Financing agriculturists through PACS and LAMPS for agro and agro-allied activities at lower rate of interest;

3. Financing Consumers' Cooperative Stores to make available essential commodities to the people at reasonable rates;
4. Financing Marketing Cooperative Societies for the purpose of giving price support to the farmers on their produce;
5. Financing the poor and downtrodden people under the scheme of IRDP to raise their standard of living;
6. Financing the ST and SC people through PACS and LAMPS under the scheme sponsored by Tripura Cooperative ST/SC Development Corporation; and
7. Financing Transport Cooperative Societies to help provide transport facilities to the people in the State.

FINANCIAL POSITION OF THE TSCB

The financial position of the State Cooperative Bank defined in terms of some of the indicators shown in Table 2. The data reveal that it has been progressing steadily since its establishment. Though the bank started with a mere paid-up capital of Rs.0.45 lakh in 1957 its amount could increase considerably over the years and it stood at Rs.109.88 lakh in 1991-92. The working capital of the bank was also increased from Rs.2114.38 lakh in 1986-87 to Rs.5113.73 lakh in 1991-92. As on 31st March 1992 the bank had a deposit of Rs.2728.97 lakh and a reserve fund of Rs.481.43 lakh. In spite of all these achievements the bank was found to be handicapped in respect of its overall financial management. Outstanding loan was found to be increasing year after year and it stood at Rs.2432.59 lakh in 1991-92. Recovery of those outstanding loans was not only extremely poor but also becoming worse day by day. The loan recovery has been reduced from 92.73 percent in 1966-67 to 14.83 percent in 1991-92. This has become a vulnerable point in the cooperative credit structure and has reflected in its credit activities.

LOANS AND ADVANCES OF THE TSCB

The TSCB has been discharging its duty as an Apex Credit Institution in the cooperative fold by financing both the short term and medium term loans through its affiliated cooperative societies. It has been sanctioning loans under the broad five categories, namely, crop loan, loan under IRDP, ISB, agro-allied activities and for

miscellaneous purposes. Analysis of Table 3 reveals that the bank was giving more importance to agricultural and agro-allied activities during 1987-88 for the purpose of which it was mainly established. As high as 41.15 percent of the total loan sanctioned by the bank was directed towards agricultural activities. Unfortunately, in course of time, the importance of agriculture in the eyes of the bank was reduced. Agricultural loan was reduced from 41.15 percent in 1987-88 to 25.5 percent in 1991-92. In contrast to this the bank has become one of the few State Cooperative Banks investing a sizeable portion of its resources on IRDP under the national poverty alleviation programmes. In this regard it may be mentioned here that in 1991-92 the bank employed 30.99 percent of its total loan sanctioned on IRDP as against 14.9 percent in 1987-88.

Despite many hindrances created by willful defaulters and inexperienced managerial personnel in the bank on the way of expansion, the TSCB has expanded to a considerable extent since its inception. A number of successful cooperatives are functioning today with its financial support. The activities of the cooperative through the objectives of Cooperative Movement in the eradication of poverty of the vast majority and the reduction in the disparity among the people remain a far cry, but there is no denying fact that the movement has been set on an even keel and has received a tremendous boost up during the last few years of its journey towards achieving its avowed objectives. However, the bank requires more patronage and support but not interference from the State Government in the matter of mobilization of deposits and recovery of overdue loans to enable itself to serve the people of the State in a much better way. There is an urgent necessity on the part of the SCB to reorient its priorities in sanctioning loans and giving due weight to the agricultural sector for it was mainly established. With the glorious past of the bank let us hope for its bright future through earnest endeavor.

Table 1
GROWTH OF COOPERATIVES

| Year | No. of Cooperatives (in lakh) | No. of Members (in lakh) | Share Capital (Rs. in crore) | Working Capital (Rs. in crore) |
|---------|-------------------------------|--------------------------|------------------------------|--------------------------------|
| 1960-61 | 3.32 | 352 | 222 | 1312 |
| 1970-71 | 3.20 | 644 | 851 | 6810 |
| 1980-81 | 3.26 | 1176 | 2088 | 25119 |
| 1984-85 | 3.15 | 1410 | 3535 | 37769 |
| 1985-86 | 3.21 | 1420 | 3998 | 41548 |
| 1986-87 | 3.42 | 1465 | 4425 | 47750 |
| 1987-88 | 3.50 | 1500 | NA | 48000 |

Table 2
FINANCIAL POSITION OF TRIPURA STATE COOPERATIVE BANK

(Rupees in lakh)

| Year | Capital | | Deposits | Reserve Fund & Other Reserves | Loans | | % of Recovery |
|---------|---------|---------|----------|-------------------------------|--------------|----------|---------------|
| | Share | Working | | | Out-standing | Recoverd | |
| 1956-57 | 0.45 | NA | 7.94 | Nil | 0.49 | Nil | Nil |
| 1966-67 | 9.22 | NA | 28.07 | 2.35 | 22.71 | 21.06 | 92.73 |
| 1976-77 | 28.10 | NA | 148.15 | 11.88 | 187.55 | 123.12 | 65.65 |
| 1986-87 | 83.37 | 2114.38 | 1183.80 | 117.58 | 1253.40 | 605.87 | 128.12 |
| 1987-88 | 88.11 | 2596.63 | 1453.34 | 137.02 | 1194.22 | 616.64 | 51.63 |
| 1988-89 | 91.75 | 3134.21 | 1811.47 | 310.57 | 1710.70 | 512.86 | 29.98 |
| 1989-90 | 101.19 | 3348.30 | 1851.89 | 372.48 | 2123.17 | 510.88 | 24.06 |
| 1990-91 | 103.14 | 4156.00 | 2133.91 | 456.25 | 1934.26 | 699.18 | 36.15 |
| 1991-92 | 109.88 | 5113.73 | 2728.97 | 481.43 | 2432.59 | 360.69 | 14.83 |

Table 3**LOANS SANCTIONED BY TRIPURA STATE COOPERATIVE BANK**

(Rupees in lakh)

| Loan Type | 1987-88 | 1988-89 | 1989-90 | 1990-91 | 1991-92 |
|-------------|--------------------|---------------------|---------------------|---------------------|-------------------|
| Crop | 244.36 (26.95) | 286.33 (24.60) | 435.54 (22.49) | 415.77 (16.62) | 516.73 (18.87) |
| Agro-allied | 128.79 (14.20) | 136.88 (11.60) | 316.08 (16.32) | 384.05 (15.35) | 181.62 (6.63) |
| IRDP | 135.75 (14.97) | 158.00 (13.58) | 435.45 (22.48) | 640.09 (25.58) | 823.80 (30.09) |
| ISB | 106.66 (11.76) | 132.16 (11.36) | 177.07 (9.14) | 256.04 (10.23) | 235.66 (8.61) |
| Others | 291.10 (32.11) | 450.35 (38.70) | 572.57 (29.56) | 805.90 (32.21) | 979.73 (35.79) |
| Total | 906.66 (100.00) | 1163.72 (100.00) | 1936.71 (100.00) | 2501.85 (100.00) | 2737 (100.00) |

Note 1: ISB denote Industry, Science and Business.

Note 2: Figures in parentheses denote percentages.

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