



## INTERNATIONAL JOURNAL OF RESEARCH IN COMPUTER APPLICATION AND MANAGEMENT

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**Contributions to books**

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

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- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

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## AN EVALUATION OF COOPERATIVE SOCIETIES FINANCED BY ICDP IN HIMACHAL PRADESH – A STUDY OF KULLU DISTRICT

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### ABSTRACT

*The cooperatives are rendering services in the various areas like production, finance, marketing, personnel's, etc. There are more than 4332 cooperative institutions, which are working in the state. These institutions are providing not only the financial help to the rural people, but also implementing training and employment generation programmes for the artisans, especially in order to upgrade their skill and in helping them earn a better livelihood. The Cooperative movement has covered almost the entire state and the societies have been classified according to the amount released in the shape of loan and margin money/share capital. The main objective of the present study is to assess the impact of ICDP investment in the cooperative societies in meeting project objectives. Membership of cooperative societies in H.P. is increasing but with slow pace, share capital and deposits are increasing with good pace strengthening the resource base of societies.*

### KEYWORDS

Cooperation, Consumer, Marketing, Solvency, Society.

### INTRODUCTION

Cooperation is as old as the human being is on the earth. Ancient Indian Scripture Rig Veda states that cooperation is the very edifice of the Hindu family and of the village panchayats. Cooperation, as a subject, has attracted the attention of the social reformers, economists, sociologists, politicians, ethnologists and the Cooperators alike ever since its inception as a form of business organization in the middle of the nineteenth century. (Kulkarni, K.R.) Co-operative movement in India was introduced and has developed largely within the legislative framework. Gandhiji worked for Indian Cooperation in preventing a plague outbreak in 1900. About the results achieved, Gandhiji writes, "cooperation made work easier for them and, at the same time, lessened hardships". Around the world modern co-operatives have developed for over 200 years. Co-operative institutions exist all over the world providing essential services, which would otherwise be unattainable. (Mathur, B. S. 1992). The development of co-operatives in India can be traced back to 1883, when Sir William Wedderburn and Justice Ranade prepared a scheme for establishing an Agricultural Bank in Poona to provide loans to farmers. Though this scheme was not accepted in its totality but its recommendations were incorporated in the Land Improvement and Agriculturist Loans Act, (XIX of 1883 and XII of 1884). This Act is considered as foundation stone of co-operative movement in India. With the enactment of Co-operative Credit Societies Act in 1904, the co-operative movement started in India. (Sharma, Vidya Sagar, 1964) The step was considered as "a turning point in economic and social history" of India. The Act which was drafted and introduced by Sir Denzil Ibbeston in the legislature's council was to a great extent based on English Friendly Societies Act of 1896. The Govt. of India had appointed Vodyanathan Committee to strengthen the co-operative credit structure and recently, the report has been submitted. The Govt. of India has accepted the recommendations of the committee and provisioned Rs. 1500 crores to strengthen co-operative credit structure for which state Govt's have been asked to complete the formalities in this regard, as the cooperation is a state subject. Integrated Co-operative Development Project (ICDP) was introduced in the Seventh Five Year Plan for overall development of selected districts through co-operative efforts, in the areas of agriculture and allied sectors like fishery, poultry, sericulture, rural industries, etc. This was the first scheme of the NCDC which has an integrated area approach for co-operative development. The scheme aims at the development of horizontal and vertical functional linkages amongst co-operatives, with a view to promote overall development of co-operative infrastructure for catering the need of rural community, in an effective manner. The scheme takes into account the local natural and human resource endowment, as well as requirements and potential for the development in the area. Emphasis is laid on development of primary co-operatives into multi-purpose entities to improve the economic lot of the rural community. Under the scheme, a district or part of a district is selected on the recommendation of State Government for Integrated Co-operative Development.

### CO-OPERATIVE MOVEMENT IN HIMACHAL PRADESH

Himachal Pradesh, known as Dev Bhumi to the ancients is situated in the heart of the Western Himalayas. To the north lies the state of Jammu and Kashmir, Uttar Pradesh in the South-East, Haryana on the South and Punjab on the West, where as on the east it forms India's border with Tibet. The territory is almost wholly mountainous with latitudes ranging between 350 to 7000 meters above the sea level. Himachal Pradesh was formed on 15<sup>th</sup> April, 1948 after the merger of 30 erstwhile princely states. It was given full statehood on 25<sup>th</sup> January, 1971. At present Himachal Pradesh has 12 districts spread over geographical area of 55,673 sq. kms. with the population of 55,70,877 according to 1991 census which is round about 60.77 lacs currently. More than 92 percent of the population of the state is living in the villages and agriculture is the main occupation.

The co-operative society Act, 1912, was adopted by Sirmour state in 1934. A joint stock bank was functioning as Sirmour Bank which used to give credit to co-operative societies. This princely state encouraged the co-operative movement and as a result several societies came into existence. Later on, most of the societies were converted into multipurpose societies. (Verma, Shari, 1996)

**TABLE 1: PROGRESS OF CO-OPERATIVE MOVEMENT IN HIMACHAL PRADESH DURING THE FIVE YEAR PLANS (Amount in Lakhs)**

Sr. No.	Particulars	Position in the beginning of First Five Year Plan	Position in the end of First Five Year Plan	Position at the end of Second Five Year Plan	Position at the end of Third Five Year Plan	Position at the end of Fourth Five Year Plan	Position at the end of Fifth Five Year Plan	Position at the end of Six Five Year Plan	Position at the end of Seven Five Year Plan	Position at the end of Eighth Five Year Plan	Position at the end of Ninth Five Year Plan	Position at the end of 2006-07
1.	No. of Co-operative Societies	843	745 (-11.62)	984 (32.08)	1184 (20.32)	3677 210.56	3575 (-2.77)	3453 (-3.41)	3958 (14.62)	4419 (11.64)	4334 (-1.92)	4404 (1.61)
2.	Membership (in Lakh)	0.25	0.51 (104)	0.79 (54.90)	1.26 (59.49)	5.93 (370.63)	6.85 (15.51)	8.32 (21.45)	8.85 (6.37)	11.53 (30.28)	11.87 (2.94)	13.66 (15.08)
3.	Share Capital	9.20	26.22 (185)	8.41 (46.49)	61.65 (60.50)	523.88 (749.76)	952.40 (81.79)	2169.76 (127.82)	3386.17 (56.06)	7527.98 (122.31)	11461.65 (52.28)	17238.29 (50.39)
4.	Working Capital	21.02	141.03 (552.31)	207.09 (46.84)	353.34 (706.21)	5277.33 (1393.55)	7341.08 (39.10)	16455.61 (124.15)	42142.52 (156.09)	147469.76 (249.93)	338989.20 (129.87)	873794.49 (157.76)
5.	Loans Advanced (ST & MT)	2.06	6.35 (208.25)	8.46 (33.22)	25.23 (198.22)	516.57 (1947.04)	649.59 (25.75)	1202.29 (85.08)	1674.60 (39.20)	654.11 (118.20)	6808.92 (86.33)	18348.90 (169.48)
6.	Marketing of Agriculture Produce	8.67	38.71 (346.48)	24.00 (-38.00)	97.82 (307.58)	156.95 (60.44)	383.44 (144.30)	795.71 (107.51)	3575.90 (349.39)	4626.61 (29.38)	5027.15 (8.65)	3371.18 (-32.94)
7.	Distribution of Consumer Goods	25.55	98.01 (283.60)	73.02 (-25.49)	254.33 (248.30)	1305.29 (413.22)	920.10 (-29.50)	5286.20 (474.52)	7189.87 (36.01)	11232.83 (56.23)	15554.56 (38.47)	28753.89 (84.85)
8.	Coverage of Rural Population under Co-operative	15%	22%	30%	43%	76%	89%	87%	100%	100%	100%	100%

Source: Annual Administrative Reports

**Table 2: Progress of Co-operative Movement in Himachal Pradesh (Amount in Lakhs)**

Sr. No.	Particulars	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	Absolute increase in 2006-07 over 1999-2000	%age change in 2006-07 over 1999-2000
1.	No of co-operative Societies	4334	4340	4368	4279	4283	4332	4382	4404	70	2%
2.	Membership (in lakh)	11.87	12.25	12.60	12.56	12.82	13.20	13.47	13.66	1.79	15%
3.	Share Capital	11461.65	12441.96	12818.38	13709.12	15112.50	15609.60	16770.47	17238.29	5777.29	50%
4.	Deposits	231498.44	271953.44	343025.65	405269.60	457892.18	506033.56	552125.05	612601.60	381103.16	164%
5.	Working Capital	338939.20	410529.67	456902.50	575271.19	658651.49	729428.71	794247.35	873794.69	534855.29	157%
6.	Marketing of Agricultural Produce	5027.15	5334.93	3674.66	3381.38	4470.91	3971.91	3243.30	3371.18	-1655.97	-32%
7.	Sale of Agricultural Inputs	4614.67	4893.72	4978.79	4711.72	5560.38	18272.19	5865.35	7664.04	3049.37	66%
8.	Sale of Consumer Goods	1554.56	31465.51	22144.74	19859.47	20415.55	27425.76	25360.51	28753.89	13199.33	85%

9.	Loans Advanced During the year (Agri. & non Agri. ST, MT & LT)	22376.24	32197.64	27008.97	26237.76	43516.78	41957.74	40387.25	37769.52	15393.28	68%
10.	Recovering of Loans	15910.12	25531.65	22219.29	20750.14	36901.11	32935.63	32083.08	31049.55	15139.43	95%
11.	Outstanding Loans	32910.46	44053.12	48769.34	54278.26	60879.23	69459.54	77767.62	83982.56	51072.1	155%
12.	Overdues	5220.28	6400.68	8680.47	9462.30	10032.46	11173.70	12121.67	13122.53	7902.25	151%

Source: Annual Administrative Reports, Co-operative Societies, Shimla, p.7

Table 1 depicts the progress of co-operative movement in the state during the period between 1951 to 2006-07. It is clear from the table that in the beginning of First Five Year Plan, the numbers of co-operative societies were 843, which decreased to 745 at the end First Five Year Plan thereby registering a decrease of 11.62 percent in number of societies. It is worth while to note that at the end of Second Five Year Plan, the number of co-operative societies increased by 32.08 percent, whereas at the end of third plan, the number of societies were 1184, showing an increase of 11.76 percent. With the reorganization of state in 1966, the number of co-operative societies increased enormously by 230.07 percent. However, it declined by 2.77 percent at the end of Fifth Five Year Plan and further decreased by 3.41 percent at the end of Sixth Five Year Plan. But it is important to note that the number of co-operative societies stood at 3958 at the end of Seventh Five Year Plan with the growth of 14.56 percent. At the end of 2006-07, the number of societies decreased to 4404, but it is more than that was at the end of ninth plan i.e. 4334 societies.

The table further depicts the membership of co-operative societies, which increased by 104 percent at the end of first plan, it further increased by 54.0 percent at the end of second plan. It increased by 59.49 percent at the end of third plan, whereas at the end of fourth plan, it increased by 370.63 percent. Since then it has shown an increasing trend and the membership increased at the end of ninth plan to 11.87 lakh, which further increased to 13.66 lakh in 2006-07. The table also shows that share capital has increased by 185, 46.49, 60.50, 749.76, 81.79, 127.82, 56.06, 122.31, 52.28, and 50.39 percent during the period from First Five Year Plan to Ninth Five Year Plan and end of 2006-07 year, respectively.

Same is the case with working capital. The co-operative societies advanced short-term and medium-term loans to its members. It has increased by 208.25, 33.22, 198.22, 1947.44, 25.75, 85.08, 39.28, 118.20, 86.33 and 169.48 percent during this period. The table further depicts that in the field of marketing activities, co-operatives made good progress at the end of First, Third and Seventh Plan by 346.48, 307.58 and 349.39 percent, respectively. However, in Second Plan, there was negative impact of 38 percent on marketing activities as compared to the First Plan. Distribution system was adversely affected to the tune of 25.49 and 29.05 percent at the end of 2<sup>nd</sup> and 5<sup>th</sup> Plan, respectively. It is obvious from the table that coverage of population in rural areas started from 15% in the beginning of First Plan and at the end of Seventh Plan; it achieved 100 percent coverage of rural population. This 100 percent coverage of rural population is maintained in the co-operative sector, till the end of 2006-07.

Table 2 reveals the progress of co-operative movement in Himachal Pradesh from 1999-2000 to 2006-07. The number of societies has increased during this period to the extent of 2 percent, with absolute increase of 70 societies. Similarly, membership during the same period has also increased by 15 percent, with absolute increase of 1.79 lakh. But, the marketing of agricultural produce has decreased by 32 percent with absolute decrease of 1655.97. There was tremendous increase in share capital and deposits of 50 and 164 percent, respectively as on 2006-07 over 1999-2000. The major increase can also be seen in the working capital of societies. It has increased by 157 percent during the period with absolute increase of Rs. 534855.29 lakh. The loaning business of societies has increased by 68 percent with absolute increase of Rs. 15393.98 lakh. The trading business of co-operative societies has also recorded sizable increase of 85 percent with absolute increase of Rs. 13199.33 lakh. The alarming situation of co-operative movement can also be witnessed in the sphere of outstanding loan which increased by 155 percent and overdues 151 percent with absolute increase of Rs. 510721 lakh and Rs. 7902.25 lakh respectively during this period. Though, the recovery position is showing health sign of 95 percent increase with absolute increase of Rs. 15139.43 lakh. It can be concluded from the table that in Himachal Pradesh membership is increasing but with slow pace, share capital and deposits are increasing with good pace strengthening the resource base of societies. Resultantly, working capital is also increased with good pace. This situation will boost the NPA position in the co-operative societies, which may result erosion of the resource base of these institutions.

### CO-OPERATIVE MOVEMENT IN KULLU

Kullu district is located in the Northern part of Himachal Pradesh between 31°58' Northern latitude and 77°64' longitude. Agriculture is the major economic activity and about 80% of the workers are engaged in agricultural activities. There are 551 co-operative institutions functioning in Kullu district as on 31.03.2007, out of which 313 PACS are serving the rural economy of Kullu district by the way of providing them agricultural credit, fertilizer and consumer goods. The district is also having good potential of fruit and vegetables. Marketing and processing industrial co-operative societies have been also setup in the district. However, the primary fruit and vegetable co-operative processing and industrial societies are performing very well in the district. Another area of cooperation in Kullu district is handloom/weavers industrial co-operative societies, which has given name and fame to this district. (Progress Report of Statistics of Co-operative Movement in Kullu, 2007)

### REVIEW OF LITERATURE

Sharma (1972) carried out a study on 'comparative evaluation of the role of co-operative and commercial bank in farm financing'. He observed that the position of deposits in co-operative and commercial banks was poor ranging between 38.8 percent and 42.2 percent, respectively during 1968-69. The position of loans outstanding during this period was quite miserable, as it was about 50 percent of working capital of state co-operative and C.C.B.



**Kumar (1982)** pointed out that co-operative played an important role for rural development by providing effective marketing and credit facilities to agriculturists. Study revealed that co-operatives also help in economic development by way of integrating various types of co-operatives which help in increasing production, effective utilization of resources, increasing employment opportunities, remove poverty and increase standard of living.

**Sharma and Sharma (1992)** conducted a study on co-operative agricultural finance in hilly areas. They stated that cooperative banks provided banking facilities to highly distinguished agricultural sector of the country's economy. The authors attempted to study the role of Co-operative banks in hilly areas of the Jammu division. The role of co-operative banking in financing agriculture in sampled areas had been studied under concentration and extent of co-operative credit by identifying the agricultural status of the beneficiaries composing land holding size, possession of live stock, implements and disbursement.

**ICDP (1994)** concluded that the role of cooperatives in marketing of agricultural produce had acquired new dimension in changing scenario of globalization and liberalization of nation economy. In conjunction with public sector corporation, the cooperatives provided support as agents to these institutions for purchase of produce directly from farmers, eliminating the exploitative practice of middle man.

**Singh (2004)** conducted a study on agricultural sector reforms. He concluded that credit needs of farmers were varied and for finance the farmers relied on several institutional and non-institutional sources of credit. Among them the role of cooperatives in financing agriculture had been almost negligible during the early 50s in the country. Over the years the share of cooperatives had increased from 3.1% to 46.16% of the total credit supplied to farmers.

The present research is divided into four sections. The present section deals with introduction and following sections describes the research methodology of the study. The third section makes the analysis of the data and interpretation thereof and the last section gives the concluding remarks.

**NEED AND SCOPE OF THE STUDY**

The cooperatives are rendering services in the various areas like production, finance, marketing, personnel's, etc. They have to follow appropriate techniques to discharge such vital services to the society. This is possible only if these institutions are managed by competent professionals and trained personnel's. Cooperatives have admittedly been accorded a position of cardinal importance in the rural economy of India. These have now emerged as a significant third sector in India. Co-operative has made tremendous progress and has covered about more than 50 percent of rural population. There have diversified its activities in number of directions especially in the field of agriculture, marketing, processing, spinning, fertilizer, sugar and various consumable items, etc., in the rural India. As a result, its character, approach, functioning and outlook have much changed towards profitability and profits, which has become measure and yardstick to assess and evaluate the extent of success of cooperatives. In a state like Himachal Pradesh, cooperative sector can play an important role in accelerating the economic pace. In hilly region like ours, the co-operative is a necessity to generate employment opportunities to local people. There are more than 4332 cooperative institutions, which are working in the state. These institutions are providing not only the financial help to the rural people, but also implementing training and employment generation programmes for the artisans, especially in order to upgrade their skill and in helping them earn a better livelihood.

In the present study, an attempt has been made to examine "An Evaluation of Cooperative Societies Financed by ICDP in Himachal Pradesh: A Study of Kullu District". First of all a list of all cooperative societies functioning in Kullu district has been obtained from the ARCS office Kullu. The present study covers the cooperative societies which have availed assistance from the project has been prepared in different sectors i.e. PACS, Handloom Societies, Marketing Societies, Consumer Store, etc.

**OBJECTIVES OF THE STUDY**

- to study the progress of cooperative movement in Himachal Pradesh during the Five Year Plans.
- to study the short-term and long term solvency of the societies.
- to assess the impact of ICDP investment in meeting project objectives of the co-operative societies.

**RESEARCH METHODOLOGY**

For the collection of data and other information's, secondary sources have been used. The secondary data has been collected from the various annual reports such as Annual Reports of concern Cooperative Societies, Annual Administrative Report of Cooperative Department of H.P. Govt., Publication of Directorate of Economics and Statistics and Report prepared by ICDP Kullu. While selecting these societies equal preference have been given to the societies operating in rural and urban area. The data drawn from various sources have been analyzed with the help of various accounting, tools and techniques. Statistical tests and mathematical tests have been applied in appropriate context.

**TABLE 3: LONG-TERM & SHORT-TERM SOLVENCY OF HIMBUNKAR (RS. IN LAKHS)**

Ratios	Years										
	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
<b>Current Ratio</b>	6.00 (-)	5.84 (-2.67)	4.51 (-22.77)	2.30 (-49.00)	1.89 (-17.83)	2.38 (25.92)	8.74 (267.23)	2.69 (-69.22)	2.18 (-18.26)	1.60 (-26.61)	1.49 (-6.88)
<b>Liquidity Ratio</b>	2.68 (-)	2.15 (-19.78)	2.04 (-5.12)	1.10 (-46.08)	.69 (-37.27)	1.32 (91.30)	1.30 (-1.52)	1.62 (24.62)	1.40 (-13.58)	0.80 (-42.86)	0.93 (16.25)
<b>Debt Equity Ratio</b>	1.75 (-)	1.63 (-6.86)	1.55 (-4.91)	1.43 (-7.74)	1.39 (-2.80)	0.31 (-77.70)	0.92 (106.77)	0.88 (-4.35)	0.95 (7.95)	0.98 (3.15)	0.68 (-30.61)
<b>Proprietary Ratio</b>	28.83 (-)	29.27 (1.53)	28.66 (-2.08)	26.36 (-8.03)	28.18 (6.90)	32.84 (16.54)	28.99 (-11.72)	34.57 (19.25)	31.89 (-7.75)	35.30 (10.69)	23.58 (-4.87)
<b>Solvency Ratio</b>	71.17 (-)	70.73 (-0.62)	71.34 (0.86)	73.64 (3.22)	62.90 (-14.58)	67.16 (6.77)	71.01 (5.73)	65.43 (-7.86)	68.11 (4.10)	64.70 (-5.01)	66.42 (2.66)

Source: Compiled from Annual Statement of Himbunkar, Kullu 1997-2007.

**TABLE 4: LONG-TERM & SHORT-TERM SOLVENCY OF BHUTTI WEAVERS COOPERATIVE SOCIETY LTD. (RS. IN LAKHS)**

Ratios	Years										
	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07

Current Ratio	6.50 (-)	6.09 (-6.31)	0.18 (-97.04)	4.14 (2200.00)	1.01 (-75.60)	1.54 (52.48)	1.69 (9.74)	7.16 (323.67)	8.27 (15.50)	7.82 (-5.44)	14.12 (80.56)
Liquidity Ratio	1.61 (-)	0.59 (-63.35)	0.19 (-67.80)	0.67 (252.63)	0.19 (-71.64)	0.65 (242.11)	0.85 (30.77)	3.34 (292.94)	4.33 (29.64)	4.06 (-6.24)	6.84 (68.47)
Debt Equity Ratio	5.46 (-)	5.37 (-1.65)	3.62 (-32.59)	5.34 (47.51)	0.51 (-90.45)	0.37 (-27.45)	0.73 (97.30)	4.78 (554.79)	5.72 (19.67)	2.72 (-52.45)	2.92 (7.35)
Proprietary Ratio	17.34 (-)	17.27 (-0.40)	19.19 (11.12)	18.32 (-4.53)	21.27 (16.10)	18.59 (-12.60)	18.34 (-1.34)	17.42 (-5.02)	16.01 (-8.09)	21.72 (35.67)	19.67 (-9.44)
Solvency Ratio	82.66 (-)	82.73 (0.08)	80.81 (-2.32)	81.68 (1.08)	78.73 (-3.61)	81.41 (3.40)	81.66 (0.31)	82.58 (1.13)	83.99 (1.71)	78.28 (-6.80)	80.33 (2.62)

Source: Compiled from Annual Statement of Bhutti Weavers Cooperative Society Ltd, Kullu 1997-2007.

TABLE 5: LONG-TERM & SHORT-TERM SOLVENCY OF LAHOUL POTATO GROWERS COOPERATIVE MARKETING CUM-PROCESSING SOCIETY LTD. (Rs. In lakhs)

Ratios	Years										
	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Current Ratio	1.76 (-)	2.33 (32.39)	1.58 (-32.19)	2.08 (31.65)	1.69 (-18.75)	2.18 (29.00)	2.19 (0.46)	3.66 (67.12)	3.12 (-14.75)	2.94 (-5.77)	1.85 (-37.07)
Liquidity Ratio	1.58 (-)	2.14 (35.44)	1.41 (-34.11)	1.91 (35.46)	1.49 (-21.99)	2.01 (34.90)	2.02 (0.50)	3.39 (67.82)	2.87 (-15.34)	2.72 (-5.23)	1.75 (-35.66)
Debt Equity Ratio	1.61 (-)	1.49 (-7.45)	0.87 (-41.61)	0.58 (-33.33)	0.77 (32.76)	0.49 (36.36)	0.58 (18.37)	0.76 (31.03)	0.80 (5.26)	0.76 (-5.00)	0.48 (-36.84)
Proprietary Ratio	18.39 (-)	23.36 (27.03)	22.75 (-2.61)	33.71 (48.18)	32.97 (-2.20)	38.07 (15.47)	36.04 (-5.33)	41.51 (15.18)	37.18 (-10.43)	38.44 (3.39)	47.93 (24.68)
Solvency Ratio	81.61 (-)	76.64 (-6.09)	77.25 (0.80)	66.29 (-14.19)	67.03 (1.12)	61.93 (-7.61)	63.96 (3.28)	58.49 (-8.55)	62.82 (7.40)	61.56 (-2.01)	52.07 (-15.42)

Source: Compiled from Annual Statement of Lahoul Potato Growers Coop. Marketing Cum-processing Society Ltd. Manali 1997-2007.

TABLE 6: LONG-TERM & SHORT-TERM SOLVENCY OF KULLU REGIONAL COOPERATIVE MARKETING AND CONSUMER SOCIETY LTD.

(Rs. In lakhs)

Ratios	Years										
	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Current Ratio	0.64 (-)	0.61 (-4.69)	0.66 (8.20)	3.34 (406.06)	3.36 (0.59)	5.02 (49.40)	10.35 (106.18)	3.40 (-67.15)	6.44 (89.41)	6.15 (-4.50)	5.43 (-11.70)
Liquidity Ratio	0.57 (-)	0.55 (-3.51)	0.56 (1.82)	2.86 (410.71)	2.89 (1.05)	4.40 (52.25)	9.72 (120.90)	3.01 (-69.03)	5.80 (92.69)	4.59 (-20.86)	4.48 (-2.40)
Debt Equity Ratio	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	0.47 (-)	0.25 (-46.81)
Proprietary Ratio	18.44 (-)	19.15 (3.85)	17.19 (-10.23)	61.73 (259.10)	37.11 (-39.88)	67.24 (81.19)	71.67 (6.59)	43.09 (-39.88)	67.25 (56.07)	33.75 (-49.81)	69.35 (105.48)
Solvency Ratio	81.56 (-)	80.85 (-0.87)	82.81 (2.42)	38.27 (-53.79)	62.89 (64.33)	32.76 (-47.91)	28.33 (-13.52)	56.91 (100.88)	32.75 (-42.45)	66.25 (102.29)	30.65 (-53.74)

Source: Compiled from Annual Statement of Kullu Regional Coop. Marketing and Consumer Society Ltd., Kullu 1997-2007.

It is evident from the table 3 that Himbunkar shows remarkable improvement in its current ratio in the year 2002-03 which is 267.23 of the previous years. In the rest of the years it shows declining trend as compared to its respectively previous years. It shows that management of the society is inefficient in managing its current assets. There is also decline in its liquid ratio except in the years 2001-02 and 2003-04. It shows its poor management in the case of its liquid assets. In order to meet its current obligations in time they have to manage its current and liquid assets efficiently. Studying the debt equity ratio reveals that there is a declining trend in its ratio. But the proportion of the outsider's funds is more than shareholders funds in most of the years. It shows that they are arranging funds from the outsider's sources for financing their plans. It also supported by its proprietary and solvency ratios. In the case of proprietary ratio there is an increasing trend in most of the years. But its proportion to total assets is low in most of the years. Solvency ratio also shows an increasing trend in most of the years. The decline in the current and liquid ratio is a matter of great concern and it should not be continue in the future.

Table 4 reveals that in the initial years of 1997-98 and 1998-99 there is a decline in the current ratio of Bhutti Weavers. But after that there is an improvement in the current ratio except in the year 2005-06. The same trend found in the case of liquid ratio. It shows that the management of the society efficiently managed their current and liquid assets. The percentage of increase has improved remarkably in the years 1999-2000 and 2003-04. In the year 2003-04 this improvement may be possible due to merger of Kullu Valley Finishing and Dying Processing Co-operative Industrial Society Ltd. in this society. Debt equity ratio reveals that the use of outsider's funds is much more than shareholders funds in all the years except in the years of 2000-01, 2001-02 and 2002-03. It shows the increasing dependence of this society on debt capital as compared to its internal sources. In the case of proprietary ratio there is declining in this ratio in most of the years. But the proportion of shareholders funds is much less than total assets of the society. It is also supported by the proportion of total liabilities to outsiders to total assets of the society in the case of solvency ratio. This ratio shows increasing trend in most of the cases. But the excessive use of debt is not always good for the long-term solvency of a firm.

It is evident from the table 5 that current ratio and liquid ratios of Lahaul Potato Growers Cooperative Marketing cum-processing Society Ltd. Manali follow the same trend. Both these ratios shows decline in the years 1998-99, 2000-01, 2004-05 and 2005-06. It shows that the management of the society failed in managing its working capital efficiently in these years. But it should not be continued in the long-run. On studying debt equity ratio it has been found that the use of outsider's funds is much more than internal funds of the society. It can not be good for its sound long-term solvency. Proprietary ratio reveals that in the later on years the use of shareholders funds increased. The more use of debt in the initial years is also supported by solvency ratio.

It has been observed from the table 6 that current ratio of Kullu Regional Cooperative Marketing and Consumer Society Ltd. shows an increasing trend in most of the years. In the year 1999-2000, there is remarkable increase in this ratio which is 406.06 per cent of previous year. But it may be due to inefficient management of its stock and debtors. Liquid ratio also shows the same trend. In the later on years the proportion of liquid assets was much more than current liabilities. But it should not be continued in the long run. In the case of debt equity ratio, data was not available in most of the years of the present study. Studying proprietary ratio of the society reveals that the use of

shareholders funds has been increased. In the year 2006-07, there is a remarkable increase in this ratio. In the initial years, the share of outsider's funds was more than internal funds of the society. In order to compete in the market the management of the society has to manage its resources efficiently and effectively.

TABLE 8: SECTOR-WISE ACHIEVEMENTS UNDER ICDP KULLU (AMOUNT IN LAKH)

Sr. No.	Activities	Total target of Project		Achievement		Balance	
		Physical	Financial	Physical	Financial	Physical	Financial
1.	<b>Agriculture (Sector)</b>						
	Construction of 50 MT Godown	9	24.00	8 (88.88)	21.60 (90.00)	1 (11.12)	2.40 (10.00)
	Construction of shop	20	24.00	20 (100.00)	24.00 (100.00)	-	-
	<b>Renovation of Godown</b>						
	Major/Minor	25	15.00	25 (100.00)	13.32 (88.80)	-	1.68 (11.20)
	Safe Vaults	27	6.48	27 (100.00)	6.48 (100.00)	-	-
	Counters	67	16.08	67 (100.00)	16.08 (100.00)	-	-
	Furniture and Fixture	40	9.60	16 (40.00)	3.84 (40.00)	24 (60.00)	5.76 (60.00)
	Margin Money	-	71.31	-	71.3 (100.00)	-	-
2.	<b>Marketing Sector</b>						
	Construction of 100 MT Godown	2	8.40	2 (100.00)	8.40 (100.00)	-	-
	Vehicles	3	18.00	2 (66.67)	7.29 (40.05)	-	10.71 (50.95)
	Sheds	4	16.80	2 (50.00)	16.80 (100.00)	-	-
	Margin Money	-	20.21	-	20.21 (100.00)	-	-
3.	<b>Allied Sector</b>						
	<b>Handloom Working Shed/Stores :</b>						
(i)	Large	2	8.40	2 (100.00)	8.4 (100.00)	-	-
(ii)	Small	21	50.40	21 (100.00)	50.40 (100.00)	-	-
	Showroom	2	4.80	2 (100.00)	4.80 (100.00)	-	-
	Looms	-	7.00	16	7.00 (100.00)	-	-
	Margin Money	-	39.00	-	39.00 (100.00)	-	-
4.	<b>Apex Society</b>						
	Margin Money	-	10.00	-	10.00 (100.00)	-	-
5.	<b>Dyeing Finishing House</b>						
	Civil work	-	5.00	-	5.00 (100.00)	-	-
	Plant and machinery	-	21.162	-	21.162 (100.00)	-	-
	Margin Money	-	5.00	-	5.00 (100.00)	-	-
6.	Floriculture (Token)	-	3.838	-	-	-	3.838 (100)
7.	Trout Fishing	-	5.00	-	5.00 (100.00)	-	-
8.	<b>Rope ways- four</b>						
	Civil Works	-	1.00	-	10.00 (100.00)	-	-
	Machinery	-	8.00	-	-	-	-
	Margin Money	-	1.00	-	-	-	-
9	KCC Bank	-	35.00	-	35.00	-	-

					(100.00)		
	Total	-	434.48	-	410.092 (94.38)	-	24.388 (5.62)
	<b>Total Outlay Expenditure</b>						
	Subsidy	111.66			111.66		
	Break-up of Expenditure						
	Cost of PIT				94.84		
	Training and Manpower Development				13.96		
	Incentive to co-operatives				1.23		
	Overall Position under the Project	546.140			520.122		
	Unutilized Amount				24.388		

*Source: Assistant Registrar Co-operative Societies, Kullu.*

*Note: Figures in parenthesis indicate the percentages in bracket.*

As against an outlay of Rs. 24.00 lakh for construction of 20 new sales shops at a unit cost of Rs. 1.20 lakh, all the amount have been sanctioned and sales shops have been constructed by the PACS. Majority of sale shops are utilized by the beneficiary PACS. All the 25 cases sanctioned for renovation of old godowns have been completed and beneficiary PACS have started business in the renovated godowns. All 27 safe vaults as per the revised target with an outlay of Rs. 6.48 lakh have been provided to the co-operative societies in the district, which are utilized by the PACS for the purpose of deposits. Funds amounting to Rs. 16.08 lakh for providing sales counters in 67 co-operative societies (PACS) have been provided under the project. All these 67 sales counters have been sanctioned and installed in the PACS which are utilized by these PACS. As against the revised target of providing furniture and fixture to 40 PACS with a total outlay of Rs. 9.60 lakh, 16 cases have been sanctioned under the project. The outlay of Rs. 71.31 lakh kept under this head has been sanctioned in favour of PACS in the district.

While studying the marketing sector, a sum of Rs. 63.41 lakh has been kept under the marketing sector in the district. Most of the money sanctioned under this head has been given to primary marketing societies for purchase of vehicles and margin money. It has been found that in the case of vehicles and sheds, physical performance percentage of achievement of its target is about 50 percent. The performance of apex society and dyeing finishing is also satisfactory in the achievement of financial target set for these sectors. The society has installed the plant and machinery after completing the civil works. An additional amount of Rs 21.162 lakh has also been sanctioned for setting up additional plant and machinery. The society has started marketing of trout fish and the project is likely to increase in future.

The entire amount, as per the total provision of Rs 35.00 lakh, kept as share capital for the Kangra Central Co-operative Bank, has been sanctioned in favour of the Bank, as per year-wise phasing. As against the provision of Rs 84.54 lakh, for the cost of project implementation team (PIT), an amount of Rs 94.84 lakh has been spent under the project. The excess expenditure under this head has been due to inadequate provisions kept under salary to staff and other heads of PIT cost.

Against a total provision of Rs. 14.57 lakh kept under this head, an amount of Rs. 13.96 has been spent under the project. Various types of training camps for managing committees, employees and members of co-operatives have been organized in collaboration with co-operative training centre, Mashobra, ACSTI Shimla and RICM, Chandigarh, during the project period. Besides, inter-state and intra-state tours have also been organized under the project. The project had an outlay of Rs. 9.55 lakh for providing incentives to the employees of PACS. Out of the outlay, a sum of Rs. 1.23 lakh has been disbursed to the employees of the PACS as an incentive as per the prescribed norms. The rest of the amount remained unutilized under the project due to non-eligibility of the co-operative societies as per the norms prescribed by NCDC. Out of total outlay to the various sectors under different activities, expenditure amounting to Rs. 521.75 lakh has been made under the project, which is about 96 percent of the total outlay.

## CONCLUSION

The co-operation in the modern form took birth during the industrial revolution when working class felt exploited and helpless. Cooperation, as a subject, has attracted the attention of the social reformers, economists, sociologist, politicians, ethnologists and the Cooperators alike ever since its inception as a form of business organization in the middle of the nineteenth century. Co-operative institutions exist all over the world providing essential services, which would otherwise be unattainable. The progress during 1919-29 was more qualitative than quantitative. The reason was that over dues increased steadily.

In First Five Year Plan, the cooperation was recognized as an instrument of planned economic action in democracy. Regarding village co-operatives, their potential viability should be assessed on the basis of a programme for fulfilling certain essential conditions, such as bringing into the co-operative all rural families, effective implementation of the village agricultural production plan, linking credit with production and with marketing, supervision of the use of credit, undertaking the functions of distribution and supply, and attracting local savings to the maximum possible extent, as share capital and deposits. The Ninth Five Year Plan approved by the National Development Council, had inter-alia laid emphasis on evolving an environment in which co-operatives would become efficient, viable and competitive. It was also proposed to activate this through professionalization diversification of activities including market opportunities and effective recovery system.

Co-operative movement in Himachal Pradesh is showing a good progress. Himachal Pradesh is a hilly area with scattered population, even then co-operative movement is reaching to every village and is heading to its path of progress. To assist these societies in efficient delivery of services amongst the rural population of our villages, the state Govt. is providing financial assistance in the shape of capital and small doses of subsidy under the State Annual Plan i.e. normal plan, tribal sub-plan and special component plan. Kullu district is having good potential of fruit and vegetables. Marketing and processing industrial co-operative societies have been also setup in the district. The primary fruit and vegetable co-operative processing and industrial societies are performing very well in the district. Another area of cooperation in Kullu district is handloom/weavers industrial co-operative societies, which has given name and fame to this district. Well known Bhuttico has got national fame for its working. The membership of these co-operative institutions is diversified and the government has also injected handsome amount of money in the shape of share capital to different institutions.

The following suggestions emerged from the evaluation study may improve the functioning of ICDP as well as cooperative institutions to make them more useful oriented.

- Reorganization of PACS to make them viable is need of the hour to strengthen the Agriculture Credit Societies.

- There is an urgent need to involve the women section of our society in the fold of cooperative movement.
- Steps must be taken to conduct timely audit of the accounts. The un-audited societies as well as those which are audited but not furnished the compliance/rectification reports should be made ineligible for loaning and financial assistance.
- The Cooperative Societies those who are financially weak need more financial assistance from state govt. to recruit highly educated and trained personnel.
- There should be more use of shareholders funds as compared to the outsiders' funds in various cooperative societies of the state.
- Appropriate training may have to impart to the staff and office bearer of PACS in both credit and non credit business.
- Steps should be taken to ensure freedom of functional autonomy to PACS and a clear message should be derived that they are managed by democratically elected Board of Management.

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