

Foreword

The cooperative sector in India has a history of six decades that has witnessed golden days as also dark periods. During the last three decades, the sector has come under severe pressure both due to the emerging market centric policies as well as the prevailing economic situation in the country. It was essential to keep the spirit of the cooperative sector going and thus, a Task Force for revival of rural credit institutions was set up to analyse in detail the structure of the whole sector in the country. There were also a few detailed reports available earlier. The Task Force provided important guidelines to revive the cooperative structure and after its report was accepted, the Central Government wrote to the Chief Ministers of the states that the recommendations of the Task Force be implemented to revive the sector. The Task Force underscored the incomplete exploitation of the potential of Short-Term Cooperative Credit Structure (STCCS) the failure in governance of these institutions. The presence of the State and the resulting distortions of the cooperative sector were the important aspects that the Task Force recommended to be reformed. All these recommendations call for an analysis at primary level.

This study was undertaken at the initiative of the National Bank for Agriculture and Rural Development (NABARD) to document the impact of the revival packages for STCCS in Madhya Pradesh. The authors have focused on legal reforms, strengthening of PACS, auditing and financial support. It has been indicated that the reform package has been taken up in the state and the institutional reforms also have accompanied the changes. The steps that still need to be taken include amendments of the bye-laws, functional autonomy and provision of adequate staff. In other words, the recommended reforms have not been implemented with full force and hence the outcome need not be as expected. The study largely brings out the process of implementation as well as the types of interventions undertaken by the State Government to revive the cooperative sector in the state. It is quite clear from the report that there are miles to cover in the process.

The study was undertaken by Dr Veerashekharappa, Prof Meenakshi Rajeev and Mr Manojit Bhattacharjee. It is based on a painstaking field survey as well as the secondary data available in Madhya Pradesh. The authors have laboriously collected and collated the data and analysed it to provide the best effect. Results documented in the report are quite useful and give educative findings to improve on the current situation. I am sure that this monograph will be of great use to bankers and policy-makers.

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*R S Deshpande
Director, ISEC*