

Quadrant II – Transcript and Related Materials

Programme : Bachelor of Commerce (First Year)
Subject : Commerce
Paper Code : COG103
Paper Title : Co-operative Management and Accounting
Unit : I
Module Name : Rural Credit survey report and its salient features
Module No : 05
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Notes –

ALL INDIA RURAL CREDIT SURVEY COMMITTEE REPORT (1951)

A major watershed initiative at this time was the appointment by Government of the Gorwala Committee, popularly known as the All India Rural Credit Survey Committee. The Committee was appointed in 1951 and submitted its report in 1954. It observed that large parts of the country were not covered by cooperatives and in such areas where it had been covered, a large segment of the agricultural population remained outside its membership. Even where membership did exist, the bulk of the credit requirement (75.2%) was met from other sources.

The Committee recommended introducing an integrated system of rural credit, partnership of the government in the share capital of the cooperatives and also appointment of government nominees on their boards, thus participating in their management. The Committee emphasized the importance of training. The creation of the State Bank of India was also a major recommendation. The detailed recommendations of the Committee are as follows:

Recommendations:

1. Large parts of the country were not covered by cooperatives. Even in areas where membership existed, bulk of credit requirement (75.2%) was met from other sources.
2. Non-economic causes for the failure of the cooperative movement basically structural and functional, low educational levels and lack of training. Multi-purpose Society had not made any significant difference
3. Location of both power and finance continues to be largely urban and hence more responsive to urban than rural interest; cooperative in danger from various vested interests
4. Integrated scheme of Rural Credit based on State partnership including financial partnership in cooperatives; training with a rural bias.
5. Caution against state interference in day to day working. While societies at the rural base should become fully cooperative by process of replacing share capital, partnerships at higher levels have to be retained till base level societies develop sufficient strength.
6. Setting up of a National Agricultural Credit Long Term Operations Fund and National Agricultural Credit Stabilization Fund to be reviewed at the end of 5 years, responsibility for which would be with the Reserve Bank
7. Administrative and other matters including training.
8. Creation of the State Bank of India School of Distance Education Co-operative Theory, Principles & Practice 33
9. Establishment of a Central Land Mortgage Bank in each State with more than 51% of State share capital
10. Apex Cooperative Marketing Federations

11. Licenses to be issued on a priority basis to cooperative processing plants

12. State plans for rationalizing and strengthening Central Cooperative Banks⁷⁷ District Marketing Societies on territorial or commodity basis with at least 51% State Govt. share capital and suitable technical staff, PACS with reasonably large membership and share capital and covering groups of villages; detailed observations with regard to the nature of liability, deposit, reserve, loan operations of PACS; establishment of primary land mortgage banks and primary marketing societies located at important mandis or at taluka centers after due consideration of the conditions of each area

13. Audit continue to be in the hands of govt. and be strengthened on a high priority; adoption of uniform standards of audit classification on an All India basis