PROJECT REPORT
ON
THE ROADMAP TO BECOMING A TOP PERFORMING COOPERATIVE SOCIETY

A STUDY OF

PURUSOTTAMPUR SERVICE COOPERATIVE SOCIETY LTD., DIST: BALASORE, ODISHA

A Project Report Submitted

In fulfillment of the requirement of the

56th Post Graduate Diploma in Cooperative Business Management

(17th August, 2022 to 17th February, 2023)

SUBMITTED BY:

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Submitted to

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DECLARATION

I hereby declare that the Project Report entitled **"The Roadmap to becoming a Top Performing Cooperative Society- A Study of The Purushottampur Service Cooperative Society Ltd., Dist: Balasore, Odisha"** is carried out by me under the guidance of Dr. C. Vijaya, Faculty Member, Madhusudan Institute of Cooperative Management, Bhubaneswar, Odisha in partial fulfillment of the award of the 56th Post Graduate Diploma in Cooperative Business Management (PGDCBM) Course by Vaikunth Mehta National Institute of Cooperative Management (VAMNICOM), Pune.

I also declare that this project is an independent work on my part and no part of this project has been submitted for the award of any other Degree or Diploma.

Place: VAMNICOM, PUNE
Date:

(Arjuna Nayak)
Roll No: 5620
56th PGDCBM Batch

DECLARATION

I hereby declare that the Project Report entitled **"The Roadmap to becoming a Top Performing Cooperative Society- A Study of The Purushottampur Service Cooperative Society Ltd., Dist: Balasore, Odisha"** has been carried out by Sri Arjuna Nayak, Roll No. 5620, 56th PGDCBM Batch under my able guidance in partial fulfillment of the award of the 56th Post Graduate Diploma in Cooperative Business Management (PGDCBM) Course by Vaikunth Mehta National Institute of Cooperative Management (VAMNICOM), Pune.

I also declare that this project is an independent work on my part and no part of this project has been submitted for the award of any other Degree or Diploma.

Place: Bhubaneswar
Date: 31.01.2023

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Madhusudan Institute of Cooperative Management, Bhubaneswar, Odisha

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Place : Pune
Date :31 January, 2023

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THE ROADMAP TO BECOMING A TOP PERFORMING COOPERATIVE SOCIETY

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CHAPTER-I

1.1 Backdrop

As per 2021 census, about 64.61 % percent of the population resides in rural areas, depending directly or indirectly upon agriculture for their livelihood. Agriculture is the mainstay of the Indian economy because of its high share in employment. The share of the sector in total GVA of the economy has a long-term trend of around 18 per cent. The share of the agriculture & allied sector in total GVA, however, improved to 20.2 per cent in the year 2020-21 and 18.8 per cent in 2021-22. Therefore, it is very important for this sector to achieve higher growth rates and be an engine of growth, so that growth in other sectors and overall growth rate of the economy can be achieved.

The agricultural sector of India has grown up since independence but after green revaluation in agriculture got an express speed for its development. Up to mid-sixties, owing to various constraints, not only low value crops were dominating in the cropping pattern but production and productivity of crops were also very low. The situation has totally changed after the introduction of Green Revolution in Indian agriculture, which was introduced during the mid-sixties.

Though there are so many problems that arise in agriculture after independence. Like water resources was very limited, seed qualities was not good, availability of fertilizer was less than the requirement etc. but after green revolution impression of those main problems was decreasing by plan by plan. Overall, in many problems, there was a significant problem of credit for agriculture. More than seventy five percent of agricultural workers was receiving the credit from money lenders for their agricultural cultivation. The rate of interest was very high and so the people couldn’t survive their economic position. Farmer wanted some method for to solve this problem.

Reserve bank of India was set up in 1935. RBI started special department for the development and growth of Co-operative credit Societies. Credit is very important to the agriculture. India has only four month rainy season in a year. During that time the credit deliver a significant role for the cultivation of agriculture.

In many developing countries, it has been found that the rural credit market is imperfect in nature. There are substantial variations in the availability of formal credit in rural urban locations (Laha and Kuri, 2011).

1.2 Cooperative Movement of Odisha:

Rural credit cooperatives in India were originally envisaged as a mechanism for pooling the resources of people with small means and providing them with access to different financial services. Democratic in features, the movement was also an effective instrument for development of degraded waste lands, increasing productivity, providing food security, generating employment opportunities in rural areas and ensuring social and economic justice to the poor and vulnerable.

The history of the cooperative credit movement in India can be divided in four phases. In the First Phase (1900-30), the Cooperative Societies Act was passed (1904) and "cooperation" became a provincial subject by 1919. The major development during the Second Phase (1930-50) was the pioneering role played by RBI in guiding and supporting the cooperatives. However, even during this phase, signs of sickness in the Indian rural cooperative movement were becoming evident. The 1945 Cooperative Planning Committee had discerned these signs in the movement, finding that a large number of cooperatives were "saddled with the problem of frozen assets because of heavy overdues in repayment." Even so, also in the Third Phase (1950-90), the way forward was seen to lie in cooperative credit societies. The All India Rural Credit Survey was set up which not only recommended state partnership in terms of equity but also partnership in terms of governance and management. NABARD was also created during this phase. The Fourth Phase from 1990s onwards saw an increasing realization of the disruptive effects of intrusive state patronage and politicisation of the cooperatives, especially financial cooperatives, which resulted in poor governance and management and the consequent impairment of their financial health. A number of Committees were therefore set up to suggest reforms in the sector.

The cooperative system in India has got an involved structure. The co-operative banking structure in India comprises of two main components, *viz.*, urban co-operative banks and rural co-operative credit institutions. While urban co-operative banks have a single tier structure, rural cooperatives have a complex structure. It has different segments to cater to the short term and long-term credit needs. The short-term cooperative credit structure (STCCS) is organized in a three-tier structure. Within the STCCS, primary agricultural credit societies (PACS/SCS) at the village level form the base level, the district central cooperative banks (DCCBs) are placed at the intermediate level and the State co-operative banks (SCBs) function at the apex. The STCCS mostly provide crop and other working capital loans primarily for a short period to farmers and rural artisans. Further, the structure of rural co-operative banks is not uniform across the States and varies significantly from one State to another. Some States have a unitary structure with the State level banks operating through their own branches, while others have a mixed structure incorporating both unitary and federal systems. Diagram-1 spells out the broad structure of the short-term cooperative credit in Odisha.

1.3 COOPERATIVE CREDIT STRUCTURE:

The Cooperative Credit Structure in Odisha comprises of the following:

(A) **Short Term and Medium Term Credit Structure** consisting of Odisha State Cooperative Bank at the state level, Central Cooperative Banks at the district level and Primary Agricultural Cooperative Banks at the village level.

(B**) Long Term Rural Credit Structure** consisting of Odisha Cooperative State Agriculture and Rural Development Bank at the state level and Primary Cooperative Agriculture and Rural Development Banks at block level.

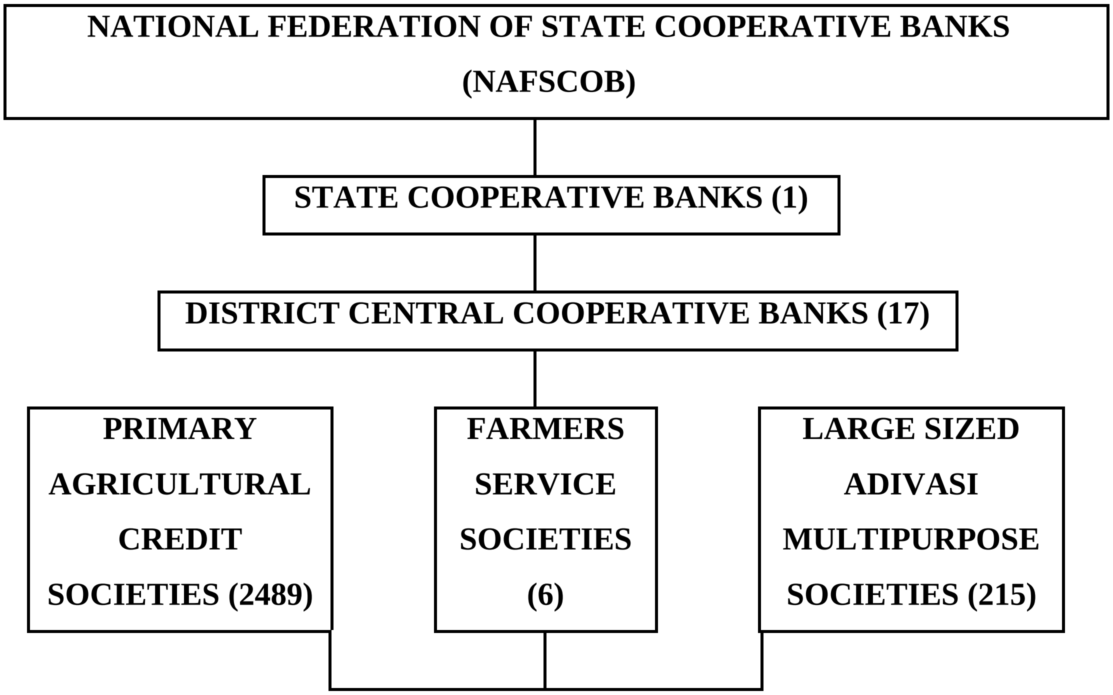
(C) **Urban credit structure** comprising of Cooperative Urban Banks located in the urban and semi urban areas and catering to the credit needs of their members and the public.

As the Short Term Cooperative Credit is having direct linkage with farmers in particular and that of Agriculture sector in general, in this paper, we have tried to highlight the performance of Short Term Cooperative Credit in Odisha.

1.4 SHORT TERM CREDIT STRUCTURE:

The Short Term Cooperative Credit Structure (STCCS) in Orissa comprises of 2710 PACS/SCS (including 215 LAMPS and 6 FSS) at the grassroots level, 17 District Central Cooperative Banks (with 318 Branches) at the middle tier and Orissa State Cooperative Bank (with 14 Branches) at the apex level. From out of about 55.01 lakh agricultural families, 55.01 lakh families have been enrolled as members of the PACS/LAMPCS taking the coverage to 100 %.

SHORT TERM COOPERATIVE CREDIT STRUCTURE



In principle, PACS/LAMPCS was expected to mobilise deposits from its members, and use the same for providing crop loans to the needy members who need it. However, as deposits in PACS/LAMPCS may not be enough to meet the loan requirements of all its farmer borrowing members, PACS/LAMPCS draw support from the federal structure, viz., the CCB/SCB. The CCB was therefore constituted as a small bank working in small towns to mobilise deposits from public and provide the same for supporting the credit needs of PACS/LAMPCS and its members. As part of the federal structure, the CCB was expected to also provide guidance and handholding support to PACS/LAMPCS. SCB was set up in each state not only to mobilise deposits and thereby provide the required liquidity support to CCBs and PACS/LAMPCS, but to also provide the required technical assistance, guidance and support to CCBs and PACS/LAMPCS in fulfilling their obligations towards their farmer members. Wherever required, the SCB was also expected to mobilise liquidity and refinance support from the higher financing institutions like NABARD for supporting the crop loan operations of CCBs and

PACS/LAMPCS affiliated to it. Over time, ST CCS has also been providing medium term loans for investments in agriculture and for the rural sector, often with refinance support of NABARD.

Both CCBs and SCBs are federal structures and their sustainability very largely depends on the sustainability of the lower tiers. But all other linking systems are only intermediaries. The survival of the intermediaries depends upon the performance of PACS/LAMPCS, which needs prime importance at ground level. The Primary Agricultural Credit Societies (PACS/LAMPCS) constitute the `*hub'* of the Indian co-op movement. Every fourth co-operative in India is a primary credit society. The main objectives of a PACS/LAMPCS are:

- To raise capital for the purpose of giving loans and supporting the essential activities of the members.
- To collect deposits from members with the objective of improving their savings habit.
- To supply agricultural inputs and services to members at remunerative prices.
- To arrange for supply and development of improved breeds of livestock for the members.
- To make all necessary arrangements for improving irrigation on land owned by members.
- To encourage various income-augmenting activities such as horticulture, animal husbandry, poultry, bee-keeping, pisciculture and cottage industries among the members through supply of necessary inputs and services.

The performance of entire STCCS depends upon PACS/LAMPCS, hubs of the Cooperative Movement functions with skeleton staff. Basically the responsibility of carrying out majority of functions of PACS/LAMPCS like disbursing loans, collection etc, is nest upon the Secretaries. In return these Secretaries are being compensated with a very meager amount which is even not comparable with that of a daily wager. In contrary, their counterparts higher in the hierarchy in STCCS structure have a pay structure equivalent to that of commercial banks. This is not the only one, another major drawback is loan waiver policy by Government for the loanee farmers which is not bringing any debt relief by the CCBs to PACS/LAMPCS. The PACS/LAMPCS are continued with the responsibility of the settlement, There is a huge gap between loan waiver to members to that of loan sanctioned by CCBS to PACS/LAMPCS. One major issue that prevail those CCBs used to sanction the loan on the basis of eth recommendations of PACS/LAMPCS, without physically verifying the facts at field. Rather, for focusing performance of CCB, PACS/LAMPCS are forced to sanction the desired amount of loan even if a member is a defaulter in repaying his previous loan amount.

These are some of the factors which are causing poor performance of PACS/LAMPCS and SCSs in Odisha.

Amount in lakhs

S. No	Year	Own fund	Deposits	Loans & Advances	Working Capital	Borrowings	Per PACS/LAMPCS loan business
1.	2014-15	642.6	1214.3	4567.2	6128.2	4102.9	0.99
2.	2015-16	683.1	1281.5	4955.3	6535.9	4380.8	1.05
3.	2016-17	723.6	1348.7	5343.3	6943.5	4658.8	1.12
4.	2017-18	764.1	1415.9	5731.4	7351.1	4936.7	1.18
5.	2018-19	804.6	1483.1	6119.4	7758.8	5214.6	1.25
6.	2019-20	845.1	1550.3	6507.5	8166.4	5492.6	1.23
7	2020-21	885.6	1617.4	6895.5	8574.0	5770.5	1.46
8	Growth CAGR	7.91	6.36	11.99	8.09	8.9	8.40

Various studies have been conducted focusing upon the performance of the PACS/LAMPCS in almost all the cases the following reasons have been identified as the bottlenecks for poor performance results of PACS/LAMPCS

- Lack of diversification in business portfolio
- Unskilled staff
- Low volume of business Lack of professionalism
- Declining percentage of borrowing membership
- Inadequate or lack of Management
- Information System
- High cost of management Concentration of risk – Agriculture and Allied Sectors
- Imbalances in loan outstanding Low interest margin
- Improper Accounting practices – The PACS/LAMPCS were following single entry bookkeeping while the DCCBs were following double entry book keeping. The Common Accounting System was devised by NABARD only after Vaidyanathan Committee recommendations were implemented.
- Manual operations: Computerization of PACS/LAMPCS and DCCB has also been taken up in post-Vaidyanathan reform phase.

This apart, few societies are able to perform in an effective manner and earning profit consistently. Perhaps these societies have taken every hurdle as an opportunity and worked for rectifications causing success, the spirit proves that “Every peculiar and odd situation opens a new door of success.”

CHAPTER-II

2.1 INTRODUCTION

Purusottampur Service Cooperative Society (PSCS) Ltd., Bhorgai Block, District-Balasore which is being considered as first Cooperative Society of the State. It has its humble beginning in the year 1961 under the able leadership of Late Radheshyam Pradhan, progressive farmer, in Purusottampur Gram Panchayat Graingola Cooperative Society to provide loan in the shape of paddy to its 174 members with a view to free the indebted members from exploitation of money lenders. This society which has an audacious beginning along with these small number of members was converted to Primary Agriculture Service Cooperative Society as per the recommendations of All India Rural Credit Survey Committee in the year 1967. Made its head high with share capital of Rs.2538 and working capital of Rs. 20219.8074 at the very beginning unbelievably standing tall in the Cooperative Movement of the State in the year 2022 with share capital as Rs. 107.04 lakh and working capital Rs. 14877.30 lakh. The membership position has increased from meagre 12 to huge 3910 today. PSCS has shown that this progress is possible through the goodwill of the residents of the community and the true participation of its members.

The PSCS which was established to eliminate middlemen and facilitate farmer members in marketing their produce, is now encouraging the farmers of the locality specially bettle leaf growers in earning their livelihood. Resulting in upliftment of their economic condition. The society also distributes non-agricultural loans. Rs. 1,203.97 lakh loans have been disbursed to its farmers by September 30, 2022.

Moreover, the net profit of the society during 1967 was only Rs.419.49 whereas during 2021-22 it has reached Rs. 68.48 lakh. Profit gets disbursed amongst members as per the provisions of the Odisha Cooperative Societies Act 1962. But the selflessness and generosity of members enable in raising own building of the society successfully by sacrificing their profit share for the purpose.

Besides, it has left no stone unturned to render services to each category of people. In the process it had taken up the responsibility of organizing 117 Self Help Groups in its jurisdiction for economic empowerment of the women of the community. To keep the quality of services rendering at par with its competitors it has adopted information and communication technology. Since 1986, with approval from Balasore-Bhadrak Central Cooperative Bank, it has implemented a deposit scheme. As on 30th September 2022, it has deposit of an amount Rs. 11860.54 Lakh from 50123 number of members.

It has received recognition, accolades and awards from Central and State Government. The awards:

1. National Level Subhash Yadav Awards in 1998-1999, 2009-2010 and 2012-2013
2. National Level NCDC Excellence Award for the year 2006-2007, 2009-2010 and 2013-2014
3. Samabaya Ratna Dr. Jogesh Chandra Raut State Level Award 2011
4. State Level Award from 1987-88 to onwards from Odisha State Cooperative Union
5. Best Institution in the district on the occasion of Golden Jubilee Celebration of Independent India
6. District Level Award from 1970-71 onwards from District Cooperative Union
7. Samabaya Apanka Dwarare Award by Hon'ble C. M, Odisha in 2018
8. NCDC Regional Award for Cooperative Excellence - 2021
9. National Award of Best Performing Service Cooperative Society for two decades during 2022 (NAFSCOB).

Since its establishment it has never looked back. Year by year it is recording continuous incremental growth which proves from the awards and recognitions that the society has received. We can say it is very much in the limelight of not only Cooperative Movement of the State but that of Country too.

There are 265 Cooperative Societies in the district Balasore and over 8000 in the State. But this society could be able to maintain top position in the district as well as in the State. At present, share capital of the society is over one crore. Hundreds of SHGs are maintaining their account with this Society.

This motivated in making a study on the performance of this model society of our State with the following objectives:

2.2 OBJECTIVE OF THE STUDY:

The primary task of any cooperative is to serve the economic needs of its members. If this is not done, there is no role for cooperatives. In order to serve the members well, a cooperative must ensure business efficiency which, in turn, closely depends on how well its finances are managed. Non-performance in the financial front will be reflected in the overall performance of the business. Therefore, cooperatives need to know where exactly they stand as far as their financial performance is concerned. However, they are handicapped by the lack of a tool to measure financial performance. In view of the above the basic objectives of the study are:

- To assess the financial health of the society;
- To determine the break-even business;
- To suggest measures for improved performance of society.

The **specific objectives are to:**

i. To study the critical success factors of the Purusottampur Service Cooperative Society Ltd. (PSCS), Balasore District, Odisha;

ii. To assess the performance indicators which will bring an enterprise into limelight;

iii. To normalize the indicators for building the enterprises of similar sorts to reach the same level;

iv. To make a feasibility study for making it as MSC.

The following null hypotheses were stated and tested:

- There is no significant difference between the output of farmers before and after the utilization of loan acquired;
- There is no significant difference between the income of farmers before and after the utilization of loan acquired.

2.3 Database and Methodology:

In order to investigate the validity of these three hypotheses a case study approach has been selected. This method has been chosen in order to combine quantitative and qualitative tools. While this technique suffers the disadvantage of a lower generalization capability compared with pure quantitative analysis based on representative datasets, it has the advantage of offering the possibility of going deeper on some aspects thanks to the qualitative approach. Case studies have been selected in order to make feasible to compare households with membership in cooperative society and households that deal with other forms of enterprise.

2.4 Sampling Technique:

The sampling frame for this study consists of the cooperative farmers that acquired loan/credit facilities for their food crop farms with the assistance of the farmer cooperative societies. From the list of these cooperative farmers, 130 farmers were selected through simple random sampling technique.

2.5 Data Collection:

The data were collected from primary sources only. Primary data was collected through the use of a structured questionnaire, copies of which were administered on the 130 farmers selected for the study.

2.6 Method of Data Analysis:

Descriptive and inferential statistics were used for data analysis. The data were analyzed using frequency distribution and percentages whereas as well as using t- test analysis.

2.7 Model Specification

The impact of the utilization of the credit acquired on the farmers' output and income was determined using the t-test statistic formula. The t -statistic to test whether the means are different can be calculated as follows:

$$t= \frac{X1-X2}{S_{X1X2}*\sqrt{\frac{2}{\pi}}}$$

where $S_{X1X2}=\sqrt{\frac{1}{2}(SX2^2 + SX2^2)}$

Here Sx_1x_2 is the grand standard deviation (or pooled standard deviation), 1 = group one, 2 = group two. The denominator of t is the standard error of the difference between two means.

For significance testing, the degree of freedom for this test is 2n−2 where n is the number of participants in each group.

2.8 METHODOLOGY

For the purpose of this study, certain financial data has been collected to highlight the difference in its performance in comparison to its competitors, which made it different. Further financial data (Audit reports) of the society from 2018-2019 to 2020-21 were analyzed calculating important ratios as applicable for primary credit societies to calculate sustainability. A comparison has been made as pertinent with percentage.

CHAPTER-III

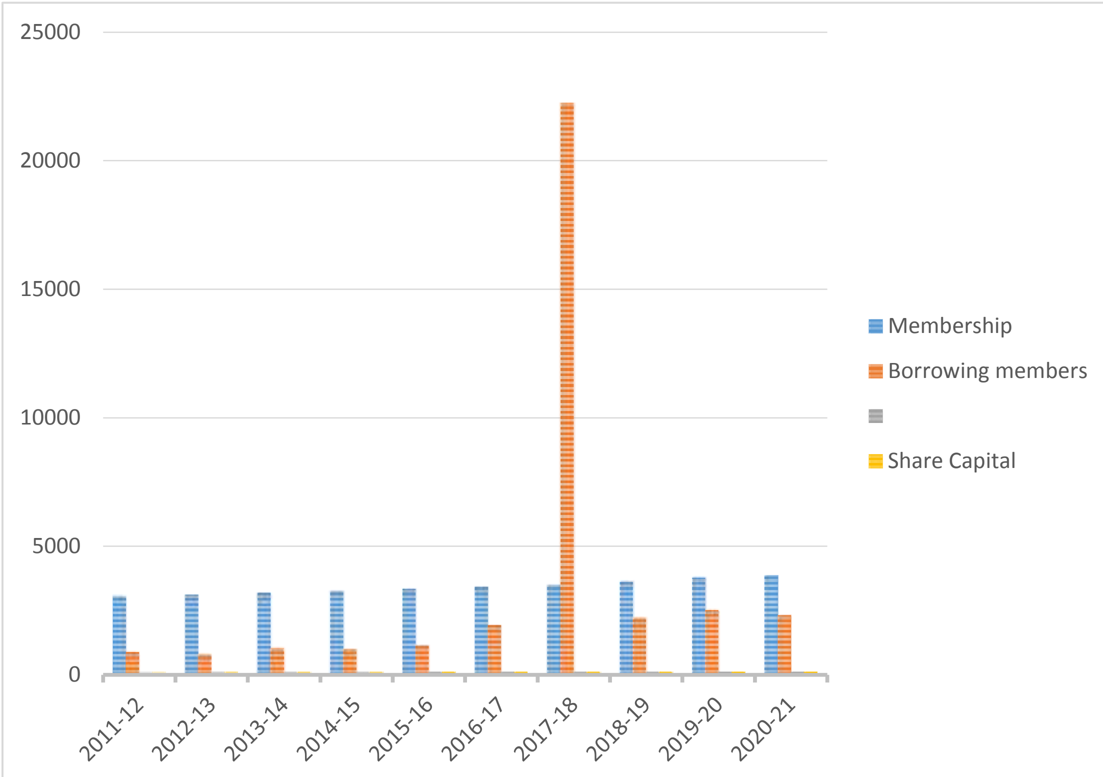
3.1 MEMBERSHIP:

The table below depicts the membership position of the society along with borrow members defaulted members as well as share capital.

Table 2

Rupees in Lakhs

Year	Membership	Borrowing members	Share Capital (Rs.)
2011-12	3051	885	47.17
2012-13	3104	811	56.17
2013-14	3180	1036	73.81
2014-15	3245	1011	77.91
2015-16	3335	1159	82.80
2016-17	3422	1926	84.73
2017-18	3469	22234	88.28
2018-19	3612	2212	89.10
2019-20	3768	2509	97.44
2020-21	3864	2310	100.62
CAGR	2	10	8



The membership position of the society is in an increasing trend so also borrowing members. The CAGR in membership is very minimal. Percentage of increase in membership proves that the penetration of cooperative awareness is not upto the mark. Even though functioning of the society is quite remarkable, this growth rate in membership need to be extended further to diversify the activities of the society to avail the facilities of Multi Service Centre.

3.2 Working Capital:

The Working Capital of the Purushottampur Service Cooperative Society Ltd. for the year from 2011-12 to 2020-21 is furnished below;

Year	Amount (Rs. in crore)	Growth (%)
2011-12	39.30	
2012-13	45.27	15.19
2013-14	57.01	25.93
2014-15	65.86	15.52
2015-16	76.24	15.76
2016-17	86.15	13
2017-18	94.86	10.11
2018-19	113.20	19.33
2019-20	130.27	15.08
2020-21	141.29	8.46

Working capital is a financial measurement of the operating liquidity available to a business. It is also known as **net working capital** or **working capital ratio**. Working capital formula is:

$$\text{Working Capital} = \text{Current Assets} - \text{Current Liabilities}$$

Positive working capital means that the business is able to pay off its short-term liabilities. Also, a Higher level of working capital shows that the society is managing the short term assets and liabilities very efficiently. High-level working capital can be a signal that the society might be able to expand its operations.

Working capital of society refers back to the extra of present day property inclusive of coins in hand, borrowers inventory etc. over present day liabilities. Working capital influences each of the liquidity in addition to profitability of a business. As the quantity of operating capital will increase, the liquidity of the society will increase. However, considering modern property provide low go back with the growth in operating capital, the profitability of the society falls. For instance, a growth with inside the stock of the business will increase its liquidity yet for the reason that inventory is saved idle, the profitability falls. Alternatively, it may be said that low operating capital hinders the daily operations of the society. Thus, the working capital must be such that a stability is maintained among the profitability and liquidity.

3.3 Funds Utilized in the business

(Amt. Rs. in crore)

Sl. No.	Year	Member share	Government Share	Other Share	Reserve Fund
1.	2011-12	47.17	7.62	21.10	69.46
2.	2012-13	56.17	7.62	34.79	106.99
3.	2013-14	73.81	11.46	40.06	110.71
4.	2014-15	77.90	15.06	42.67	147.04
5.	2015-16	82.80	15.06	45.41	177.81
6.	2016-17	84.73	15.06	45.68	175.64
7.	2017-18	88.28	16.06	46.68	180.48
8.	2018-19	89.10	16.06	46.70	220.75
9.	2019-20	97.44	21.70	52.34	327.68
10.	2020-21	100.62	21.70	52.34	369.02

<u>Utilisation of Funds:</u> **(Amount in crores)**

Year	Investment	Loans and Advances
2011-12	26.52	6.24
2012-13	31.79	6.89
2013-14	41.22	8.30
2014-15	46.92	8.84
2015-16	57.50	8.78
2016-17	69.79	8.14
2017-18	76.22	8.88
2018-19	93.45	8.23
2019-20	104.04	11.54
2020-21	114.63	13.29

The utilization of funds figures indicates the society's attitude towards the advancement in terms of growth and diversification of the business for the sustainability of the society in general and for overall development of the members.

The data that we have observed from its audit reports and other sources supports enough to conclude the following points about the society under study:

1. The factors finally responsible for the success of the society were efficient management, the service of a trained or experienced secretary and the conduct of the members of the Managing Committee in repaying loans taken by them.
2. Besides distribution of loans, which is the primary function, it has taken up other activities, e.g. distribution of agricultural goods, paddy procurement etc.
3. The ultimate test of the success of a co-operative society, as a commercial enterprise, was found in the growth of its business and the soundness of its finance.
4. Members form a cooperative to get a service--source of supplies, market for products or performance of specialized functions--not a monetary return on capital investment. This Service Cooperative Society Ltd. perhaps can be cited as a perfect example to illustrate this aspect.
5. Members of society, being well educated and aware about the cooperatives, participate actively in General Body Meetings to share the views by examining the performance of the society during the previous years. This Society provides this opportunity to its members at standard intervals by conducting General Body Meetings on a regular basis.
6. A major reason of organizing agricultural cooperative societies is its ability for social change, rural transformation and enhanced well-being of the rural communities that the financial institution can be utilized to provide answers to many of the financial problems of cooperative societies. Also, the farmers are often ignorant of the available resources in the financial institutions and this is

why the government devotes substantial resources to encourage the development of agricultural cooperative societies. Cooperatives usually evolve out the felt needs of members who wanted to solve their problems by pooling their limited resources together. This society has made all attempts to enhance the status of its members as well as the surrounding villages to heights.

7. PSCS provides easy access to all these farmers to credit availability, as a result of which there is an improvement in economic condition of the farmers as well as increase in output. This is basically the thrust area on which the study has made.

These are the factors which enabled society to get recognition in the district, state and the country in which it is functioning. The evidence is that it could earn **Outstanding Performance Award – and accolades as cited above.**

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3. The ultimate test of the success of a co-operative society, in particular as a commercial enterprise, was found in the growth of its business and the soundness of its finance.
4. Members form a cooperative to get a service--source of supplies, market for products or performance of specialized functions--not a monetary return on capital investment. This Service Cooperative Society Ltd., perhaps can be cited as a perfect example to illustrate this aspect.

5. Members of the society being well educated and aware about the cooperatives, they participate actively in General Body Meetings to share the views by examining the performance of the society during the previous years. This Society provides this opportunity to its members at standard intervals by conducting General Body Meetings on a regular basis.
6. A major reason of organizing agricultural cooperative societies is its ability for social change, rural transformation and enhanced well-being of the rural communities that the financial institution can be utilized to provide answers to many of the financial problems of cooperative societies. Also, the farmers are often ignorant of the available resources in the financial institutions and this is why the government devotes substantial resources to encourage the development of agricultural cooperative societies. Cooperatives usually evolve out the felt needs of members who wanted to solve their problems by pooling their limited resources together. This society has made all attempts enhance the status of its members as well as the surrounding villages to heights.
7. Inadequate finance has remained the most limiting problem of agricultural production. This is because capital is the most important input in agricultural production and its availability has remain a major problem to small scale farmers who account for the bulk of agricultural produce of the nation. Service Cooperative Society under study is providing easy access to all these farmers to credit availability, as a result of which there is an improvement in economic condition of the farmers as well as increase in output. This is basically the thrust area on which the study has made.

Further to bring the performance of the society towards its farmer members and their upliftment due to services that society renders, we have collected primary data based on a questionnaire just to test the hypotheses that we have made at the beginning of this paper.

CHAPTER-IV

4.1 Results and Discussion:

Socio-Economic Characteristics of the Respondents:

Age:

The result in Table 1 shows that majority of the farmers (41.5 %) are within the age bracket of 30 years and less than 40 years. This suggests that majority of farmers that belong to the farmer's cooperative society in the study area are young farmers who are within the age bracket in which people are active at work and innovative. These farmers therefore can make meaningful impact in agricultural production when adequately motivated with the needed credit facilities.

Sex:

The result in Table 1 shows that majority of the respondents were males while 38.5% were females. The reason could be that females are often married to the males and so might not out rightly own their lands. Usually they have a negligible portion compared to their male counterparts.

Single females and widows owning and controlling their farms do not have the desired collaterals to satisfy the lending institutions to attract loans; just very few of them have the capacity to influence the institutions with the collaterals to get loans.

Marital Status:

The result in Table 1 shows that majority of the respondents (65.4 %) were married while 38.5 % were unmarried. The high percentage of the married is as a result of the fact that farming communities believe in marriage, and since farming occupation requires labour, their wives and family members would assist in their farm work.

Table 1. Percentage Distribution of Respondents by Socio-economic Characteristics

Index	Frequency	Percentage
Age		
20<30	24	18.5
30<40	54	41.5
40<50	36	27.7
> 50	16	12.3
Total	**130**	**100**
Sex		
Male	80	61.5
Female	50	38.1
Total	**130**	**100**
Marital status		
Married	85	65.4
Unmarried	45	34.6
Total	**130**	**100**
Level of Education		
No formal education	32	24.6
Primary education	50	38.5
Secondary education	28	21.5
Tertiary education	20	15.4
Total	**130**	**100**
Farm size		
< 2.5	41	31.5
2.5 < 5.0	65	50.0
≥ 5.0	24	18.5
Total	**130**	**100**
Source of Labour		
Family labour only	30	23.1
Family and hired labour	20	15.4
Hired labour only	55	42.3
Herbicide	25	19.2
Total	**130**	**100**

Education:

The result in Table 1 further shows that majority of the respondents (38.5 %) had primary education, 21.5% had secondary whereas 15.4% had tertiary education. The implication of this is that literacy level among farmers in the studied area is appreciably high. This is acceptable on the ground that education affects the way farms are managed as well as overall production. Educational level plays a good role in adoption of new policy and undertaking risks.

Farm Size:

A large proportion of the farmers (50%) had farm size between 2.5 < 5.0 hectares, while 31.5% had farm size of below 2.5 hectares (Table 1). This suggests that most of the respondents are small scale to medium scale farmers.

Source of Labour:

Table 1 shows that majority (42.3%) of the respondents used hired labour whereas 23.1% of the respondents depended on family labour. This implies that the hired labour is the source of labour among the respondents. This can be due to emphasis placed on education of children where all children are sent to school to the detriment of farm labour supplies. It shows that labour still constitute a major problem to agricultural production in the rural areas despite the huge family size. This could also be attributed to the fact that younger members of the family may be schooling or learning some vocational skills in the cities and hence could not participate in the farming activities.

In addition, it can be attributed to the effect of rural-urban migration of the youth for white collar jobs leaving their aged fathers and mothers to do work. The effect of heavy reliance on hired labour is that it increases total cost of production thus reducing the farm net profit. This results in the farmer seeking for credit.

4.2 Source of Credit:

Table 2 shows that the main source of credit available to the farmers in the studied area is from their personal savings which constitute 42.3% of the respondents, 15.4% from cooperative societies, 12.3% from private money lenders, 18.5% from friends and relations while 11.5 obtain credit from the bank. The implication is that the major sources of credit among the respondents are non-institutional sources. Previous studies have confirmed this finding. Loan from non institutional sources are devoid of administrative delays and there is insistence on collateral security.

The low patronage of commercial banks may due to lack of presence of banks in the rural areas coupled with inadequate security on the part of farmers which prevented them from obtaining loan in the banks.

Table 2: Distribution of Respondents by Source of Credit

Source	**Frequency**	**Percentage**
Cooperative society	20	15.4
Private money lenders	16	12.3
Personal savings	55	42. 3
Relatives and friends	24	18. 5
Banks	15	11. 5
Total	**130**	**100.0**

4.3 Amount of Money Received:

Credit/Loan received by the respondents is presented in Table 3. The result shows that majority (34.6%) received above Rs. 20,000 whereas 26.9% received Rs. 20.000. This is an indication that the respondents realized the importance of credit in increasing productivity.

Table 3: Distribution of Respondents by Amount of Money Received

Amount (N)	Frequency	Percentage
<10000	24	18.5
10000	26	20.0
20000	35	26.9
>20000	45	34.6
	130	100

4.4 Utilization of Agricultural Loan by the Respondents:

The various ways farmers used the credit acquired are shown in Table 4. The result shows that 38.5% of the respondents used their loan to purchase improved seeds, 15.4% used their loan for payment of labour and 26.9% of the farmers used their loan to purchase agrochemicals. The implication of the results is that majority of the respondents in most cases appropriately utilize acquired loan for the purpose of Agricultural production. It shows that inadequate farm inputs still constitute a major problem to agricultural production in the rural areas.

Table 4: Distribution of Respondents based on the Utilization of Agricultural Loan

Utilization of Agricultural loan	Frequency	Percentage
Payment of labour	20	15.4
Purchase of improved seeds	50	38.5
Purchase of Agrochemicals	35	26.9
Purchase of new breeds of livestock	10	7.7
Payment of children school fees	12	2.3
Did not disclose use	3	2.3
Total	**130**	**100.0**

4.5 Impact of Loan Utilization on Farmers' Output:

The result of the t-test in Table 5 rejects the null hypothesis that there is no significance difference between the output of the respondents before and after utilization of loan acquired. This suggests that the agricultural loan acquired by the cooperative farmers in the study area has significant impact on their output.

The t-test analysis on the impact of the loan acquired on output gave a t-calculated value of 3.90. The average annual output of the farmers before the utilization of loan acquired was 65.22 metric tons and 77.44 metric tons after the utilization of loan acquired. At 1% level of significance, t-value at 258 degrees of freedom is 1.65 (one-tail test) and 1.97 (two-tail test). From the p-value, both for the one-tail test and the two-tail test, it is therefore inferred that at this level of significance cooperative farmers in the studied area had increased farm output after the utilization of loan acquired. This is based on the ground that the t-calculated (3.90) is greater than the t- tabulated (1.97).

Table 5: t-test of no Significance Difference between the Output of the Respondents before and after Utilization of Loan

Utilization of Loan	Output before	Output after
Mean	65.21538462	77.43846154
Hypothesized mean	0	-
Degree of freedom	258	-
T-stat	3.895946917	-
P-value (one-tail)	0.000062349	-
T-critical (one-tail)	1.650781103	-
P-value (two-tail)	0.000124698	-
T-critical (two-tail)	1.969201329	-

4.6 Impact of Loan Utilization on Farmers' Income:

The results of t-test in Table 6 reject the null hypothesis that there is no significant difference between the income of the respondents before and after utilization of loan acquired. This suggests that the agricultural loan acquired by the cooperative farmers in the study area has significant impact on their income.

The t-test analysis on the impact of the loan acquired on output gave a t-calculated value of 5.56. The average annual income of the farmers before the utilization of Loan acquired was Rs.108, 907.69 and Rs. 146,192.31 after the utilization of Loan acquired. At 1% level of significance, t-value at 258 degrees of freedom is 1.65 (one -tail test) and 1.97 (two -tail test). From the p-value, both for the one-tail test and the two-tail test, it is therefore inferred that at this level of significance cooperative farmers in the studied area had increased farm income after the utilization of Loan acquired. This is based on the ground that the t-calculated (5.56) is greater than the t- tabulated (1.97).

Table 6: T-test of no Significance Difference between the Income of the Respondents before and after Utilization of Loan

	Income before	**Income after**
Mean	108907.6923	146192.3077
Hypothesized mean	0	-
Degree of freedom	258	-
T-stat	5.55912655	-
P-value (one-tail)	0.000000033793	-
t-critical (one-tail)	1.650781103	-
P-value (two-tail)	0.00000006758	-
t-critical (two-tail)	1.969201329	-

4.7 Reasons for Membership Subscription to Cooperative Societies:

The result in Table 7 shows that the reasons given by the farmers for subscribing to their respective farmers cooperative societies included access to extension service (89.23%), direct marketing of produce (87.69%), produce price determination (83.08%), access to input at cheap price (90.77%), access to credit (100%) and exchange of experience/ideas (77.69%). This result suggests that access to credit constitutes the major reason. Individual farmers had need that they wanted to satisfy through their respective group (cooperative societies) membership. The greater the extent to which the various farmers' cooperative societies as groups satisfy the needs of their members, the more they get involved with the groups. The data implies that the members of the farmer's cooperative societies had the aforementioned need to seriously satisfy.

The dissemination of improved practices for farming is problematic for extension agents as the farmers are scattered all over the state. This is expected to affect a lot of their (farmers) operations.

Table 7: Distribution of Respondents by Reasons for Membership Subscription to Cooperative Societies

Reasons	*Frequency	*Percentage
Access to extension service	116	89.23
Direct marketing of produce	114	87.69
Produce price determination	108	83.08
Access input at cheap price	118	90.77
Access to credit	130	100
Exchange of experience/ideas	101	77.69

*Multiple Responses

4.8 Constraints to Sourcing for Agricultural Credit:

The result in Table 8 shows that majority (46.2%) of the respondents faced problem of high interest rate as a constraint to sourcing agricultural credit. This implies that high interest rate constitutes the major constraint to sourcing agricultural credit among the respondents.

Table 8: Distribution of Respondents by Constraints to Sourcing Credit

Problem	**Frequency**	**Percentage**
High interest rate	60	46.2
Collateral security	25	19.2
Mode of repayment	45	34.6
Total	**130**	**100.0**

The farmers were middle aged farmers who within the age bracket of active work and therefore, can make meaningful impact on Agricultural production if properly motivated with the needed credit facilities. The farmers were not getting adequate credit from formal credit institutions. The farmers appropriately utilized credit acquired for agricultural production. The utilization of loan/credit acquired by the respondents had significant impact on their output and income. Farmer's joined the cooperative society mainly for access to credit.

It is recommended that the farmers should be adequately motivated with the necessary credit facilities as this will further enhance agricultural production. There is a need to increase the access of farmers to credit facilities as they are most likely to utilize the fund for the purpose of increasing agricultural production. Increase in excess of farmers to more credit facilities will go a long way in improving their productivity and welfare.

CHAPTER- V

Strengthening Business

– Roadmap to Multi Service Centre – ANALYSIS

While all organisations have a strategy for how they create value, few can show precisely how the organization will achieve it. Who we are: Strengthen identity In his seminal 1937 essay, “The nature of the firm,”3 the economist and eventual Nobel laureate Ronald Coase argued that corporations exist to avoid the transaction costs of the free market. Yet with transaction costs plummeting (spurred by rising connectivity) this rationale no longer holds up. Why, then, do an organization exist?

The answer is identity. People long to belong, and they want to be part of something bigger than themselves. Companies that fixate only on profits will lose ground to organizations that create a strong identity that meets employees’ needs for affiliation, social cohesion, purpose, and meaning.
Future-ready organizations accomplish this in three ways: they get clear on their purpose; they know how they create value and why they’re unique; and they create strong and distinct cultures that help attract and retain the best people.

A business needs constant tweaking and analysing past results to unite the strategies and embrace success. Creating a business roadmap is not easy; you need to analyse the performance of the business and assess the potential threats, opportunities, and key performance indicators. Business roadmaps help organisations of all sizes to innovate and scale. Regardless of the market or the industry, the roadmap is a crucial tool that helps everyone in the organisation evaluate the key objectives, take respective actions, communicate status, and more. A business strategy online course offers guidelines to help create a well-drafted business roadmap.

5.1 What is a business roadmap?

A business roadmap is a certain plan of action helping to achieve goals and meet deadlines. The roadmap reflects your future path and how you are getting there. It is a detailed visualisation of the bigger picture and illustrates your major goals and key strategies.

A well-designed strategic roadmap is like a navigator and justifies the name well. It tells you where you are and directs you to reach where you are supposed to go. It serves as your plan for accomplishing the overall business objectives. Good strategic roadmaps are well-thought-out papers enabling entrepreneurs to make informed decisions. Irrespective of what the business plan serves, it is essential to make it detailed and easily navigable.

5.2 Why do the strategy roadmaps required?

Strategy roadmaps are practical and agile teams often outline the plan to meet the goals. However, several leaders often lack the means to achieve the vision. This is where strategic roadmaps are useful for your team members to make informed decisions. A strategic planning course lays the stepping stones for a concrete roadmap to attaining business success.

Ascertain the mission and objectives:

This is the first step that helps in the planning process. It decides the mission of the company, the vision, and the goals to understand its objectives. Then, guided by the business vision, the measurable objectives can be defined to measure the earnings growth, the market share, the business position of the company, and the organisation’s reputation. A business strategy course helps you assess the mission and objectives well and to proceed with the next step without facing any challenges.

It is crucial to create a roadmap that is a powerful way to help you acquire buy-in on the strategy. A few teams care profoundly about creating the right impression through their roadmap and understand the value of the visual. In today's agile world, updating a graphic or spreadsheet every time the roadmap is updated can be tedious. Hence, it is ideal to be strategic in choosing the right tool to build the roadmap.

For the uninitiated, a PACS is the first building block of the century-old cooperative banking system of India. Each PACS was designed to be a village-level credit society into which the farmers brought in share capital, deposits and provided loans to each other. Elected members, one- member-one-vote, transparency, ground-level reach, ease of operations, speed, human connect—almost everything about the structure of a PACS makes for robust 'public policy for credit'. Yet, PACS have run into many problems too. Just about two decades ago, credit cooperatives covered 69% of the rural credit outlets and their share in rural credit was fairly impressive, at 45% of the total rural credit in the country. Of course, they had a lion's share of 57% in purveying short-term credit for purchase of inputs. Today, those glory days are a distant memory, with their share in rural credit at just 12.26% in FY19. This continued slide, and just what can be done to set the course straight, has been at the heart of a lot of research within NABARD and RBI.

5.3 Multipurpose societies for multiple reasons:

The year 2020 has become a war-zone of sorts. The recent amendments in critical Acts are a response to the new reality and work towards opening up the market for the Indian farmer. These amendments reinforce the role PACS can play in bringing farmer communities closer to credit, inputs, market and value addition. The AIF, set up for establishing decentralised farm gate infrastructure, holds huge promise for a nation which still loses 15% of its food grains due to poor post-harvest management (PHM) facilities and lack of farm-gate storage. But a PACS, to really make a difference, will need to first transition from being just a credit society to a multi-service centre (MSC) and turn into a one-stop shop for both goods and services.

The recent decision by NABARD to develop 35,000 PACS into MSCs in mission-mode is a step in this direction. The initiative will enable PACS to support farmers in post-harvest marketing activities and provide ancillary services to its members like creation of storage and processing facilities, custom hiring centers and collective purchase of inputs. Though such services are being provided by the cooperatives in a sporadic way, this intervention will help in structuring these services in a sustained and scalable manner, covering a much larger number of PACS. This will also help in increasing non-fund based income of the PACS. On the sidelines, a PACS can also play a major role by integrating its warehouse with physical and financial supply chain of agro-commodities in the upcoming Gramin Agriculture Markets (GrAMs) or large warehouses in private sector.

How will a PACS, with historical challenges of financial viability and shortage of qualified human resources, manage this transition? A separate line of credit has been set up under AIF by earmarking concessional refinance of `5,000 crore at 3% during FY21. PACS will get term-loans at 4%,which, with interest subvention under AIF, will come down to just 1%. Need-based accompanying measures in the form of grant would also be made available to the cooperative banks for capacity building, project management expenses and ICT initiatives, all of which will finally impact the PACS.

No commercial bank branch can ever come close to providing the kind of services a PACS can,and, that within itself shows just why PACS need to be propped up. Perhaps this is what the All India Rural Credit Survey of 1951 meant when it stated that "Cooperation has failed. But cooperation must succeed".

To be effective PACS

- PACS must turn into multi-service centres (MSCs)
- For the PACS to really make a difference, they will need to first transition from being just a credit society to a multi-service centre (MSC).
- They must turn into a one-stop shop for both goods and services.
- The recent decision by NABARD to develop 35,000 PACS into MSCs in mission-

mode is a step in this direction.

A well-diversified suite of products and services will de-risk the business operations of PACS/LAMPCSs as is evident from experiences of many successful societies, one of the best examples being the Mulkanoor Co-operative Rural Bank and Marketing Society Limited (MCRBMSL) in Telangana State. Set up primarily to accept deposits from its members and extend loans to its members towards agriculture and allied activities, the society has over the years expanded its activities to undertake trading in pesticides, seeds and fertilizers; custom hiring of agri equipment, value addition activities such as rice milling, seed production, processing infrastructure, and marketing support, as also a consumer stores and a range of welfare measures, thus sustaining its growth.

The reason for PACS/LAMPCS to widen their bouquet of services is; changing lifestyle, integration with global economy, shifts in household income and expenditure patterns and advent of technology. Traditionally, agriculture used to be the prime sector of rural economy and rural employment. A discussion paper of NITI Aayog on Rural Economy has observed that two thirds of rural incomes are generated from non-agricultural activities. Such profound shifts influence the sectoral demand for credit and call for diversification of loan portfolio of PACS/LAMPCS even as diversification within agri-sector is also happening.

Though such services are being provided by the cooperatives in a sporadic way, this intervention will help in structuring these services in a sustained and scalable manner, covering a much larger number of PACS. This will also help in increasing non-fund-based income of the PACS. On the sidelines,a PACS can also play a major role by integrating its warehouse with physical and financial supply chain of agro-commodities in the upcoming Gramin Agriculture Markets (GrAMS) Or large warehouses in private sector.

An attempt has been made to analyse the financial aspects of the society to bring out the factors which will have an impact on its performance and to make a roadmap for the furtherance of its business.

CHAPTER-VI

Analysis of Financial performance:

The main function of the service cooperative societies are to provide loans to its members and carry out such activities like sale of paddy, fertilizers, PDS business as well as paddy procurement for the benefit of its members. Hence proper flow of funds would indicate the trustworthiness of the business which can be judged through various prescribed financial ratios. They are namely:

1. Break Even Analysis - Break-even is a situation where an organisation is neither making money nor losing money, but all the costs have been covered. It is useful in studying the relation between the variable cost, fixed cost and revenue. It is used to study the desired working fund for current as well as solvency position in the forth coming years
2. Profitability Ratio - Profitability ratios show how well a business organization is able to make profits from its operations. This is used to indicate the return on assets, return o equity and net profit as percentage to deposit.
3. Productivity/Efficiency Ratio – These ratios essentially quantify output/input, with input being time worked and output being work units. The ratio can be used to quantify productivity for most types of work, as long as a valid work unit can be identified.
4. Performance ratio - Performance ratios are derived from the revenue and aggregate expenses line items on the income statement, and measure the ability of a business to generate a profit. The most important of these ratios are the gross profit ratio and net profit ratio.
5. Capital Adequacy Ratio - Capital Adequacy Ratio (CAR) is the ratio of a lending authority's (banks) capital in relation to its risk-weighted assets and current liabilities. The Reserve Bank of India (RBI) decides the ratio to minimise the odds of becoming insolvent in the lending process. The Capital Adequacy Ratio (CAR),

also known as Capital to Risk Weighted Asset Ratio (CRAR), is used to measure capital adequacy in relation to the risks involved in terms of loan disbursement. For instance, if a bank sanctions a loan to the government by investing in a secured investment model, then the risk weight would be nil, allowing banks not to keep any capital against the disbursed loan as the risks involved with the secured investment plan are zero.

To carry out the study on various financial indicators, three years financial audited accounts of the society have been taken into consideration. The Profit and Loss Accounts and Balance Sheets have been consolidated for easy access and applications of various ratios for the purpose of analysis.

Consolidated Profit & Loss Accounts (2018-19, 2019-20, 2020-21)

Particulars	**2017-18**	**2018-19**	**2019-20**	**2020-21**
Income				
Trading profit	-	0.60	0.84	2.41
Interest on Income	73.91	77.08	72.80	88.75
Interest on investment	392.85	947.40	877.59	889.63
Other Income Misc.	14.88	11.00	14.48	16.10
Total	**481.64**	**1036.08**	**965.71**	**996.89**
Expenditure				
Interest on Expenditure	396.70	931.69	861.47	819.98
Administrative Expenditure	26.67	37.25	51.66	38.64
Depreciation	1.71	1.69	2.24	2.08
Risk Cost (NPA) provision	31.38	20.44	1.17	69.00
Other Expenses	12.31	6.60	-	15.74
Net Profit	12.87	38.94	49.17	50.73
Total	**481.64**	**1036.31**	**965.71**	**996.89**

Consolidated Balance Sheet (2018-19, 2019-20, 2020-21)

Particulars	2018-19	2019-20	2020-21
Assets			
Cash	1.70	1.78	1.07
Balance with DCCB/ SCB	124.00	185.49	118.24
Investments	9267.62	10268.51	11395.76
Loans & Advances	916.00	1178.27	1243.54
Fixed Assets	12.40	15.50	17.01
Interest accrued and receivable	930.00	1310.97	1264.71
Debtors	-	-	16.26
Total	**11251.10**	**12960.52**	**14056.57**
Liabilities			
Capital	89.10	97.44	100.62
General Reserve	220.75	246.06	278.00
Profit & Loss	38.94	49.16	50.89
Grants & subsidy	240.03	247.98	319.36
Deposits	8728.00	9894.76	10647.47
Borrowings	489.28	798.10	971.80
Current liabilities	1445.00	1627.02	1688.45
	11251.10	**12960.52**	**14056.59**

Important Highlights of Financial Statements

Particulars	2018-19	2019-20	2020-21
Working fund (Average)	10392.00	12160.00	13562.20
Net worth (Own fund)	430.24	464.40	550.96
Interest Income	1008.27	950.25	972.26
Interest on Expenditure	931.70	861.47	819.98
Spread	76.57	88.92	152.28
Opening Expenditure	976.93	915.37	876.58
Opening Profit	59.30	48.92	118.60
NPA	33.44	34.23	28.43
Own capital	309.85	343.50	378.63
Borrowed Capital	9212.75	10686.90	11611.90
Market Value of equity	482.87	476.56	547.58

Financial Ratios

Particulars	2018-19	2019-20	2020-21
Yield on Assets (%)	9.86	7.82	7.21
Cost of Funda (%)	8.97	7.08	6.05
Gross Financial Margin	0.89	0.74	1.16
Risk Cost	0.20	Nil	0.50
Transaction Cost	0.44	0.44	0.42
Net Financial Margin	0.81	0.85	0.79
Net Margin	0.37	0.40	0.38
Break Even Point	6031.00	5436.00	9204.00
Working Fund	4361.00	6724.00	4358.00
Capital Adequacy Ratio	12.47	10.96	12.25

Productivity /Efficiency Ratio

Particulars	2018-19	2019-20	2020-21
Per employee deposit	969.27	1098.75	1182.23
Per employee loan and advances	102.56	131.60	138.66
Per employee Business	1071.84	10020.00	10779.00
Average Deposit/Member	2.41	2.62	2.75
Borrowing Members to total members	11.40	11.40	11.00
NPA to loans and Advances	-	2.89	2.28
Interest earnes to Interest paid	109.96	110.32	119.32

From the above analysis the financial and performance indicators of the society are determined as below:

1. The society is having and experiencing a high margin of safety. The margin of safety is the difference between the amount of expected profitability and the break-even point. A high margin of safety indicates the soundness of business. This indicates, the society could expand the business by enhancing the area of operation rather keeping the excess fund as idle investments.
2. The loyalty of its members is well reflected through various financial as well as productivity cum-efficiency indicators. Hence out of net profit, the society should utilize 20% of its net surplus towards other essential services like engagement of professionals (veterinary doctors) for the protection of livestocks, like cows, buffaloes. So as to increase the farmers' economic living conditions.
3. Society need to reward its employees for their dedication and contribution towards growth of business of the society which will make them more confident in putting

their effort for furtherance of the status. So also the members too motivated who have significant contribution towards profit earning of the society.

4. Society is required to publish their activities in the reputed newspapers with financial indicators mainly the market value of share i.e. Rs. 547/- per share with an AGR of 68%.
5. Diversion of conventional investments for better return and wealth maximization. The society has to conduct a survey as regards to the hiring charges usually being paid by the farmer members on water pump, power tiller, tractors, fishing, genset etc. To society in its General Body Meeting convenience its members the need for firm mechanization and standard rental charges to its member for use of firm mechanization. The hiring charges will be either adjusted partly from their expected dividend and partly from deposit of rent. It would provide job opportunity to the unemployed youth.

CHAPTER-VII

Purushottampur SCS as Multi Service Centres – Road Map:

The analysis depicts the society is financially in very sound condition. Lowering of NPA provisions of society indicates that the members of the society have the mindset to increase the business of the society. As they are employing the loan competently to earn returns which can enable them to repay their loan. In the process funds are revolving generating income for the society. These funds need to be cost-effectively used in diversifying the business of the society taking into consideration the following steps:

- PSCS as Multi Service Centres help to productive use of the funds in financially strengthening the economic condition of the members and also the membership. It also leads to the creation of economic linkages with various sectors of rural economy. In fact, without embracing the idea of Multi Service Centres, there is a likelihood that it will be unnecessarily stalling its fund in banks only.
- To promote as Multi-Service Centres, it requires a multi-faceted approach and active cooperation of various stakeholders. Geographical reach of society must also be expanded to enable these societies to explore new business opportunities. In this connection, the DCCB should make concerted efforts to increase the membership drive and also to provide training and capacity building for new members.
- Ensuring democratic functioning of the society through structural and technological reforms and active interventions by DCCB towards these measures will also aid in the objective its functioning as Multi Service Centre.
- Regular training of members in various disciplines such as management and technology will further enhance their capabilities to undertake business activities.

The society adopts agriculture finances under short term operations, business finances to traders and shops under medium term schemes and to farm mechanizations under long term operations. In addition the society has sound deposit sustainability under good faith of the depositors and society provides service keeping the interest of the depositors in view and renders emergency services in any contingent services of the depositors.

The business of the society has been in an upward trend since long due to such service of the society rendered and due to painstaking endeavour of the employees and healthy cooperation of the Management.

The reliance and dependence of the customers and members are the foundation stone of sustainability of the society in a reciprocity manner. Society is earning profit since long and all the financial parameters are positive to implement diversification.

Survey in the locality proves that it could win the hearts of the people by rendering timely quality services. Positive efforts of the leaders of the society will definitely make this society a large one spreading over the entire village.

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Photographs

Figure 1 Office Building of Purushottampur SCS

Figure 2 Branch Building

Figure 3. Ex-Presidents behind the success

Figure 4. With the Secretary, Purushottampur SCS Ltd.

Figure 5: Receiving prize in IYC-2012 organised at New Delhi

Figure 6: Receiving 7th Biennial Cooperative Excellency Award- 2014 from NCDC

Figure 7: Receiving from the then Prime Minister of India, Smt. Indira Gandhi

Figure 8 Receiving NCDC Award for Cooperative Excellence & Merit 2021

Figure 9: Receiving National Award from Sj. Amit Shah, Hon'ble Union Home Minister of India as Best Performing SCS

Figure 10: Receiving prize from Hon'ble Chief Minister, Odisha during launching of ‘Cooperatives at your doorstep’

Figure 11: Receiving best PACS Award from Hon'ble Minister, F.S & C.W, Cooperation, Odisha during celebration of All India Coop. Week-2022