

The Progress of the Rural Finance and the Character of Organization of Rural Credit Cooperatives in China

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Summary

Although rural credit cooperatives in China are expected to play important roles as the basis of the rural finance, they cannot fulfill their function as expected and cannot transform themselves into organization of cooperative society.

In view of such circumstances, this paper will try to elucidate the character of organization of rural credit cooperatives in the light of the progress of the rural finance, and then will try to give some answers to the question of why rural credit cooperatives cannot transform themselves into organization of cooperative society.

Before Chinese Revolution, there also existed rural credit cooperatives in China, but they were very small in size and immature of credit organization.

In the period of the agricultural cooperation, rural credit cooperatives were established nationwide in China. At that time, a rural credit cooperative was formally established in each village, and was ruled by a village group as an organization owned by a village group.

In the period of the people's commune, rural credit cooperatives had double characters, one was a character of the basic organization of Bank of People, and the other was a character of the organization owned by a village group.

With the policy of Reform, Chinese government dissolved the double characters, but this caused village groups to interfere more intensively with rural credit cooperatives. And loans within the range of village groups, especially those to village-town enterprises, had remarkable bad influence to the management of rural credit cooperatives.

After the reform of the rural finance system in 1996, though the transformation into organization of cooperative society has been tried, rural credit cooperatives have not been able to free themselves from characters which were historically formed.

Mainly because of problems and restrictions which were formed in the history of rural credit cooperatives, they cannot transform themselves to organization of cooperative society. In these conditions, rural credit cooperatives are now obtaining a new character of organization and are stepping forward to regional banking facilities.