CHAPTER 1

BACKGROUND AND INTRODUCTION

Cooperative in the modern sense of the world originated in Europe.

It was during the industrial revolution that extension-loan engaged the thinking to enhancing the wealth and its equitable distribution.\(^1\) It is these problems which attracted the attention of the governments and administration.\(^2\) These problems can be traced into European situation.\(^3\) This situation emerges from the following table.\(^4\)

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1. Riggs, Fred; Administration in Developing Countries, pp 99-108.
2. Ibid. p-111
4. Ibid. p-39
5. Ibid. p-42
Germany

Germany was the first country in the world to apply the principles of cooperative in the field of credit. The Cooperative credit movement was started in Germany in the middle of the 19th Century. At that time the economic condition of Germany was extremely deplorable and peasantry and the artisans felt crushed under the heavy weights of indebtedness. Famines were a common phenomenon. Usury was the order of the day. Usurers ruled over the market and the poor labourers and farmers had no way out except to by articles of their requirements from them and to sell their products to them. The usurers were not only buyers and sellers but money lenders as well. Germany peasantry and labourers were thus passing through bad times and were almost broken. Immediate steps were required to take them out of this miserable condition.

7. Ibid. p-102
8. Ibid. p-109
10. Ibid. p-127.
Herr F.W. Raiffeisen (1818-1888) and Herr Franz Schulze (1809-1883) the two pioneers in this field took the initiative and started introducing various measures of relief. They started their scheme at about the same time, but their field of operation was extremely different. Raiffeisen tried to reduce the suffering of the people living in the rural areas, while Schulze adopted the new measures for giving relief to the people living in the urban areas. Both were convinced that the lot of the people could be improved only if they were taken out of the clutches of the Jews. In 1852 Schulze founded a society at Delitzech which was based on Cooperative principles.

The efforts made by Schulze cannot by any means be underrated but it was Raiffeisen who contributed the maximum to the spread of the Cooperative movement in Germany. He had witnessed how poverty stricken farmers were cheated by money-lenders. His commune was in the grip of famine. Raiffeisen did not somehow like the idea that the poor people should be at the mercy of the rich. He, therefore enrolled these people also members of the society.

11 Ibid, P. 37
12 Ibid, P-42
England

Britain is the homeland of cooperative store Movement. It was the outcome of radical changes that took place in the latter half of the 18th century in the economic and social system of Britain under the impact of the industrial revolution which had completely overhauled the entire social and economic life of the Englishmen. To some, this change was a boon while to others it was a source of great insecurity and poverty.

In the political sphere too, there were strong demands for universal suffrage, freedom of speech, press, association and the abolition of the privileges. These gave rise to popular movement and serious public disturbances. But in such a situation the idea of cooperative became a reality in England. The cooperative culture encompassed the different spheres of socio-economic life in that country. Its organisation simultaneously influenced the cooperative tendency in the entire Europe.\(^\text{13}\)

\(^{13}\) Ibid, P-65, see also Report, The Commonwealth Conference on Agricultural Cooperatives, (Oxford-1951) P. 121
Such were the grave effects of Industrial revolution and there seemed to be no way out. The economist, political thinkers and social reformers, all started applying their mind towards finding out a solution to these problems.

Adam Smith and his followers expounded the theory of competition on the one hand and on the other Robert Owen pointed out the way of escape from the evils of competition through the Organisation of equitable associations. Owen's socialism was Cooperative in nature and not militant.15

**Denmark:**

Denmark is the homeland of Agricultural Cooperative in the World. One of the most interesting and essential features of the Danish Cooperative Movement is its Voluntary development. It is a voluntary movement by the producers and consumers who were by their own efforts

15 Ibid, P-98
to tackle their economic problem wholly or partly in collaboration with their fellow countrymen. Denmark has no Cooperative legislation. Superisingly, the Cooperative movement in Denmark was started with the establishment of consumer's stores in accordance with the Rochdale principles. The first Cooperative store was established in 1886 in Thiste.

The first Consumer's Cooperative society which was established in 1866 was the result of the efforts of a parish clergyman.

Ireland

Ireland is one of those countries which adopted Cooperative for the amelioration of the economic condition of the agricultural masses. Cooperative is summed up into three maxims better farming, better business and better living i.e. practice, Cooperative education respectively. Plunkett drew inspiration from the British and Danish Cooperative movements.

17 Ibid., p. 16
In the latter half of the 19th century Irish agriculture was in a depressed, backward condition. Industry, trade and commerce were seriously damaged by foreign rulers.

In Ireland industrialisation started only after 1824 with the establishment of free trade between England and Ireland. Although it achieved industrial prosperity, its agricultural backwardness continued and it was the sole cause of economic poverty in Ireland. This country is rich in its natural resources.

But the resources could not be properly tapped. It was during this period of stress and strain, that there appeared a man of resolute will, namely, Horace Plunket. It was 1889 that Plunkett set up the first Cooperative Dairy. The movement began to gain momentum slowly and slowly.

Russia:

The Russian Cooperative movement started as early as the first half of the last century but it gained momentum only with

18 Ibid, PP-57-61
the Russo-Japanese war in 1905. The government used many cooperatives as food distribution Centres. It was only after the Russian Revolution of 1917 that the movement played its role as an instrument of socioeconomic transformation. Masons, brick layers, carpenters, handicraftsmen and other artisans organised themselves into artels to sell their labour jointly. Any one could hire the service of an artel by setting terms with its leaders. Thus, the Chief objects behind the Organisation of these artels was to maintain the wages and the working conditions of the workers through collective bargaining. The first consumer Cooperative store in Russia was set up in 1865. The movement gained tremendous pace after the Revolution of 1917.

So far as working of Consumer's societies is concerned, it is democratic and is governed by the principles of one member, one vote.

A unique feature of the Russian consumer's movement is that the presidents of the various societies are whole time experts, though they are  

19 Ibid, P-63
20 Soviet Economic History, Academy of Sciences (Moscow-1 965) Vol-1, PP 24-28
elected. There is a particular system through which the system of election and payment are combined to the benefit of the Organisation concerned. At the time of elections suggestions regarding suitable persons for elections are received from the higher cooperative organisations. Theoretically, the decision is taken by the general meeting by secret ballot. In case the general meeting does not elect the person suggested by the higher Cooperative Organisation, the latter can re-convene a general meeting and ask it to re-consider the matter. The cooperatives are voluntary organisations, socialist enterprises. Further, these cooperatives have also taken an active part in the international Cooperative movement. The Central Organisation **CENTROSOYUS** is the biggest organisation in the (ICA) The international Cooperative Alliance. 21

**Japan**

The Cooperative movement in Japan started in the middle of the last century. Cooperative Credit Organisation known as (KOH) were the first to be established. The basic principle behind the Organisation of these institutions was that a group of friends would contribute to a saving pool to

21 Ibid, PP 30-32
be used as a loan fund. The members could borrow from this fund in time of need and pay back gradually by making deposits to the fund. The 'KOH' type of credit organisation-originated during the 14th century. The mutual banks, which are now a powerful and popular type of organisation are based on the 'KOH' principles. 22

The Japanese villages were filled, from the very beginning with the spirit of cooperation. Whenever any economic problem arose, a Cooperative was formed. This tendency first to the organisation of marketing Cooperatives. The first sericulture Cooperative was organised in 1878.

Although Japanese Cooperative took root spontaneously to meet the current needs, for their full development they gained a lot from the modern European cooperative movements. The first consumer's Cooperative was established in 1879. The second wave of consumer's cooperative cause at the end of the 19th century in the wake of the Sino-Japanese war. The consumer's movement in Japan started mainly under the influence of the

22 Souvenir, National Consumers Forum, (Tokyo-1 968) PP 13-14
23 Ibid, P-1 9
British cooperative movement. In the field of credit cooperative the greatest influence was exerted by Germany. Japan also adopted the Schulze-Dalitzch and Raiffeisen type of societies. The Chief advocates of these societies were Yajiro Shinagawa and Tosuke Hirata.

U.S.A

The Cooperative movement in the U.S.A. is quite old. It started with the first settlers in the country. In its initial stages it flourished only in the field of agriculture. The settlers faced enormous difficulties like the paucity of funds, Construction of bridges, clearance of forests, drainage of land, harvesting of crops etc. consequently the farm families joined hands together and started undertaking mutual exchange of work. This is how the seed of cooperative was sown in the soil of the United States. The first Cooperative Organisation and gatherings were known as bees and had a purely rural back ground. Legally speaking the Cooperative movement started in 1865. When the first Cooperative law recognised the sale and purchase Cooperatives for the first time although the buying & selling associations had been in existence for the last 50 years. Prior to the enactment of Cooperative law of 1865, the period of known in the history of the cooperative movement as that of
associationism. The period following the enactment of the law is known as the grange movement. The national grange was established in 1867. The grange movement was started by Hudson-kelly who was deputed by the government to study the agriculture conditions in Southern States. Kelly was a farmer. Besides submitting his report, he also started Cooperative unions known as granges. These unions were of three types viz; local, state and national. 24

**Canada:**

Canada, predominantly an agricultural country, is the second biggest country in the world. Agriculture is the most important activity of the people. It provides employment to about 1/6th of the population. Wheat is the most important crop and is one of the most important export commodities. It is believed that the Cooperative movement in Canada was started after 1870. The condition of the agriculturists in those times was very deplorable. They were facing lot of difficulties in marketing of their

products owing to the existence of middle men and the heavy charges charged by the railway & other transport agencies. Thus Cooperative marketing associations were the first to be organised in Canada. These were followed by the establishment of cooperative marketing and processing associations, service cooperatives the credit unions etc. 25

**China**

The year 1912 marks the beginning of a new era in the economic & political history of China. It was in that year that the foundations of Chines Republic were laid and the seed of the modern Cooperative movement was sown. The Credit goes to Dr. Sun Yat Sen who immediately after taking up the reins of Govt. set for hismelf the task of eradicating poverty from the Chinese soil.

At that time China was predominately agricultural Country. It has ample resources which were neither tapped for agricultural purposes nor f

the industrial development of the country. China was infested with severe
droughts and famines. It was a prey to internal strifes and external invasion.
Floods were a common occurrence. The economic condition of the China
was at the lowest ebb owing to her agricultural and industrial backwardness.
The agricultural lay crushed under the heavy weight of indebtedness and
feudal land lordism. In the industrial field also nothing substantial was
achieved and a few large scale industries were in existence, especially in
big towns and cities. Dr. Sun Yat Sen Considered cooperation as the
Panacea for the ills of the Chinese economy. In 1921 the Committee
recommended the introduction of Cooperative movement in the country,

Israel

Israel is a small country whose economy is still in the making. The
state of Israel came into existence on 25th May, 1948. From
1919 to 1948 it was under the British regime. Since the
inception of the state, Jewish immigrants came from all parts of the world

26 Ideology of cooperation in industry, workers union, Beijing-1 984,
PP 23-27
especially from non-European countries—Chiefly from Asia & North Africa. Isreal is pre-dominantly an agricultural country. It is dynamic country and its cooperative movement is also dynamic.27

The Cooperative movement like other countries, was also born in Isreal out of need, not only economic, social but also national. In 1925 Charles Gide remarked, that the physical characteristics of the land are such as to encourage Cooperatives of the land as to encourage Cooperatives of one sort or another—Sometimes there is no water, it must be brought from a distance, some times there is too much stagnant, malaria-infested water & it must be drained away. For such work individual enterprise is absolutely unfitted, and the organised efforts of many hands must be enlisted. Water has often been a teacher of cooperation of solidarity, when it is scarce or over abundant, water prohibits the settlers from striking out each for himself. At first there was a tendency in Isreal to consider cooperation as a kind of talisman—an insteamtaneous cure for all economic ills.28 In Isreal cooperation has been introduced in such homely callings as

27 Cooperative Panorma, National Cooperative Alliance, Tal Aviv-1994, PP 56-57

28 Ibid, P-64
the salvaging of scrap iron, delivery of meat, ice, Kerosene and Milk.

In Palestine, owing to conflict between the Jewish immigrant labour and the Arab labour, the Cooperative movement from the very beginning was split into two societies: Labour and Non Labour. In 1883 the Jewish immigrants organised a Cooperative fund - Fraternity & Work.

Swedan

After Britain, it is in Swedan where the consumers' cooperative movement has achieved a phenomenal success. Swedan is spreading the cooperative idea throughout the world, for in excess of the size of her movement or her population with the years and after about 100 years of its existence it is one of the largest Cooperative movement in the world and the most progressive movement in existence. The movement has been able to attain its present position because of its brilliant leaders, who interpreted the Rochdale principles and applied them in such a way as to suit their own circumstances and environments. Hence, it is not

29 Cooperative work in Scardenavia, ICA, London, Copertigen- 1 995 PP 67-71
necessary that the same methods & machinery might be found successful for other parts of the world. In other words, the method & machinery used by the sewedish Cooperators to build up the movement are peculiarly their own what ever we may say about the application, interpretation and adoption of the Rochdale principles, the fact, however, remains that it is the spirit of the movement, not its pattern which has been of the greatest value.

It is difficult to say with definiteness the year in which the first Cooperative society was established in Swedan. It is believed that the movement started some where between 1860 and 1870. To begin with, cooperative stores were set up on the Rochdale pattern.30

The Sewedish movement is the Supreme example of fruitful cooperative between the consumer's and the producer's. The interest of the two classes being entirely different each other, Swedan has proved that the harmonious blending of the conflicting is possible and can bring enormous advantages to the nation if sincere efforts are made to achieve that.31

30 Ibid, P-92
31 Ibid, P-109
Towards the end of the 19th century about 60% of Sweden's population was engaged in agriculture. The economic condition of the farmer was very bad. Two principles developments changed the condition of the Swedish farmers. The first of them was the changes in the farming methods and the second development came with agricultural crisis of the 1930's.

The agriculture Cooperative moment in Sweden is organised on purely democratic lines i one member one votej is the guiding principle. 32

The most peculiar characteristic of the Swedism Cooperative movement is that it has not developed into three distinct directions and each one is independent. The three distinct parts of the movement are :- The consumer's movement, the agricultural movement and the housing movement.

The movement enjoys a great clarity of ideas' aims. It has proved that it is the spirit 'the pattern of the movement which is important. Although the movement has developed in part, it has touched every aspect of human life. It has promoted national welfare and it is in Sweden that we find cooperative in its real form.33

32. Ibid, PP 117-21
33 Continental Cooperation, ICA, (Milan-1 958, London-1 957) PP 88-90
The cooperative movement in Italy, as also where, is a child of misery and distress. During the middle of the century Italy passed through the darkest period of Italian history. Poverty and backwardness were the order of the day. People of small means, whether labourers or peasants, were the victims of atrocious dealing of the money leaders and the landlords. The depression of 1880 further worsened the situation and pushed the economy into the deep ditch of unemployment and falling prices. Louigi Lezzatti and Dr. Leone Wollemburg were the two great personalities who broke the vicious circle and took the country out of poverty and destitution. 34

What Schulze did for Germany, Lezzatty (P.M) did for Italy. He started cooperative credit societies in the rural areas on the lines of Raiffessen societies known as casse Ruralie (Rural banks). It was in 1864-65 that Lezzatti (Prime-Minister, finance Minister and Agriculture Minister) started his efforts with the Organisation of a friendly society at lodi. The society is in existence even today.

The movement was passing through a critical period. Luckily the Fascist Revolution began in 1922. The Fascist party abolished all other political parties. The movement became non-political.

34 , Ibid, P.97
So, the period, ending 1900 was a period of remedy and seed time for the Italian cooperative movement. The movement passed through its formative stages. The seed was sown, and the foundation was laid upon which a vast super structure was raised in years that followed.

FRANCE

France has been the torch bearer for other countries of the world in the field of producers' cooperative. The cooperative movement has been essentially a workers movement. In no other country of the world, workers societies have attained those heights of success which have been attained in France. The seed of the cooperative movement was sown as early as the beginning of the 19th century by Charles Fourier, a great utopian socialist, the world has ever known. The cooperative movement in its present form could only be started after the Revolution of 1848, and it gained momentum after the passage of the Act of 1863. Although the cooperative movement has diversified its activities like its counterparts in other countries, the work cooperative still occupy a dominant position.

35. Ibid, P-99
37 Ibid, P-113
Among the pioneers of the French cooperative movement mention may be made of Charles Fourier and others.

Charles Fourier felt very much distressed by the prevailing social and economic conditions in France. He wanted to re-build the social system which forces children to lie and men to allow food needed by hungry people to rot.\(^\text{38}\)

According to Fourier, the existing social system did not allow a free play of the twelve major passions of mankind viz: Seeking, hearing, smelling, feeling, tasting, enmity, love, fraternity, ambition, desire for intrigue, love of change and desire for union. Where these twelve passions are combined together, the result is brotherly love. He calculated that these passions could be combined in different individuals in 820 ways. It was, therefore, necessary that in an ideal social system all these combinations should be possible so there should be sufficient number of persons to ensure the result. His estimate was that in one combine there should not be less than 500 and not more than 2000 persons, roughly speaking, about 400 families. He, therefore, suggested that people should form themselves into Voluntary associations which, he called Phalanxes or Phalansteries. Each phalanstery was to be organised like a modern Hotel, containing a large, magnificent building divided into apartments of

\(^{38}\) Ibid, P-1 18
all kinds to suit the tastes of different people with common dining hall, theatre, concert room, and library, all other accessories of a comfortable life. Each Phalanstery was to be divided into units. Larger units were to be called as groups. For the production of food & raw materials required, each Phalanstery would have land of 400 acres all round it. Goods needed by the members were to be produced, manufactured by them. Each member could join any occupation he liked. The phalanstery was, thus, a combination of producers, consumers, a self-sufficient world in miniature. It was to be organised on a joint stock basis, each person, could own as many shares as he liked. The profits were to be divided among the members on the principles capital 1/3, labour 5/12 and management 3/12. These Phalanxes were to be organised on a purely democratic basis. All officers & directors were to be elected.

Similar societies have also been set up by hairdressers, electrician and agricultural workers.

The Cooperative bank of French was established in 1893. In 1955, 708 workers societies were its members. The bank has been providing normal banking facilities to the societies of Regional Federation.

39 Ibid, P-1 21
40 Ibid, P-1 28
International Cooperative Alliance (ICA)

It was founded by the international Cooperative Congress held in London in 1895. It is a world wide confederation of Cooperative organisation having 143 affiliations spread over 60 countries and serving more than 255 million members at the primary level. It is one of the oldest international organisations exclusively dedicated to the problems of Cooperatives all over the world. It is the most effective link between the Cooperators in the different parts of the world.

OBJECTIVES:

1. Universal Obserance of cooperative principles.
2. To propagate cooperative principles and methods through out the world.
3. To safeguard the interest of Cooperative movement.
4. To promote cooperation in all countries.
5. To maintain good relation with affiliated organizations.
6. To promote friendly & economic relation between the Cooperative Organisation of all types nationally & internationally.
7. To work for the establishment of lasting peace and security through the cooperative efforts.

41 International Cooperation, ICA, London-1 950 PP 10-1 2
Problems of poverty, ignorance, improvidence and ancestral debt and occasional out breaks of natural calamities. The outcome of all these factors was rural indebtedness. The rural poor was being exploited by money lenders by way of charging usurious rates of interest. The peasants of Poona and Ahmednagar rose against the money lending classes who charging usurious rates of interest involving the peasants in perpetual indebtedness. The peasants took the law into their own hands and forcibly snatched away their promissory notes and mortgage deeds from the money lenders and destroyed them. Although the riots were soon quelled.  

COOPERATIVE IN INDIA

Cooperative farming in India was first suggested in 1946 as a measure to enlarge the units of cultivation for more economic use of land. Since then, the emphasis on its importance has been increasing. Especially after the publication of the second five year plan, and later the adoption of the Resolution on Cooperative Farming at the Nagpur Session of the All

4a. Ibid, P-44
India Congress Committee, the programme has been discussed widely. Views have been expressed which vary from all out support to Cooperative farming for the complete transformation of Indian agriculture from the individual to the Cooperative, on the one extreme, to vehement opposition to the very idea of extending the principles of Cooperation to the extent of joint cultivation and management, on the other.43

It was proposed that Cooperative farming should be introduced wherever circumstances are favourable, but at least one experiment in Cooperative Farming should be carried out in each Province, State. The following four types of Cooperative farming societies were suggested,

(i) Cooperative Better Farming Society.
(ii) Cooperative Joint Farming Society.
(iii) Cooperative Tenant Farming Society.
(iv) Cooperative Collective Farming Society.

43. See Anthology, NCUI, Vol. 1, PP. 61-64
44. Ibid.; p. 67
OBJECTIVES OF COOPERATIVE FARMING

The main objectives of a cooperative farming society is to (1) secure increased agricultural production through more intensive programme of land improvement and new agricultural techniques; (ii) undertake improved techniques in agriculture and agro based industries, so as to make proper utilization of land, manpower, cattle and skill of farmers; (iii) suitable and scientific crop planning and rotation of crops; (iv) secure increased and regular employment for the members; (V) provide solution to the pressing agrarian ills, from which the country is suffering.

Besides the above cited objectives, the productivity factor played a significant role in the context of forming co-operatives. The disintegreating or rather slamming of land holding created the need to sustain the pace of productivity. Along with the productivity factor, the cash cropping and hard-cash attraction also played key role in co-operative farming organisation. The important direction which the co-operative provide whose to attach the agriculture with the booming industrial economy in England. 45

45. Ibid; P see also no.13 P.P. 89-90
who are main consumer's of the product turned out by the society.

The main sources of financial assistance to Industrial cooperative are as follows:

(I) Government
(II) Central Cooperative Banks
(III) Industrial Cooperative Banks.

3. Dairy Cooperatives

India has the largest stock of milk cattle but it does not get the optimum quantity of milk required for sound health. The reasons are many. For example poor health of cattle, inadequate veterinary facilities, lack of infrastructures necessary for the development of dairy industry, unscientific approach towards cattle, problems of fodder, and facilities maintains good quality milk animals. The planned development of dairies on Cooperative basis was thought as early as in 1935. But due to the various technical difficulties the actual work for such association was

See Sharma, B.D., IBID, P. 170
started in 1937., which paved the way for its future development.\textsuperscript{47}

Efforts for organising dairy industry and trade on cooperative lines were made immediately after the enactment of Cooperative societies Act 1912. Attempts were made in different parts of the country to organise dairy societies. At the early stage three different type of dairy cooperatives were established by the consumers, distributors and producers, though ultimately the producers cooperatives found patronage and encouragement.

The dairy cooperative movement in the country has fairly long history. The Katara Cooperative Dairy Limited, Allahabad, is the oldest existing dairy Organisation registered, under the cooperative societies Act of 1912. Milk producers are members of the society who produce both cow Milk and buffalo Milk. The Calcutta Cooperative Milk Union Limited was registered in 1919 after two years of operating number of societies. Milk is collected from member societies pasteurized and distributed through deliverymen paid on monthly basis. The Telenkheri Dairy

\textsuperscript{47.} See, Report The Calcutta Co-op. Milk Union Ltd. 1919-20, pp 18-19

\textsuperscript{48.} Ibid. p-27
Cooperative Society Nagpur was registered in 1922. The milking was done in a central place under the supervision of society staff. The milk produced by the society was marketed to a private dairy. The Madras Milk Supply Union came into being in 1927-28. Basically two types of organisational pattern are prevalent in the dairy cooperative sector. One is unitary and the other Federal. In certain countries like Canada unitary structure is adopted for milk marketing. But the federal pattern is found to be widely prevalent in several countries including India. The federal structure is a theoretically sound form of organisation with obvious advantages. Federations are a means of achieving vertical integration between the producers, primary cooperatives and the consumers. Besides, the federations improve the performance of the affiliated primaries. The Anand pattern has implicit faith in the two-tier federal pattern, which forms one of its basic characteristics. Therefore, what we see in India is a diverse pattern of organisations particularly at secondary level. The primary dairy Cooperative are the grass-root level organisations; and forms the foundation of the whole superstructure of Cooperative dairying. They serve as effective organisations in assembling the value of milk sold by each members, exercising quality control and making regular payments for milk procured. Besides they play

Please see, Report Madras Milk Supply Union 1928, p-11.
a vital role in the hierarchy of cooperative dairy organisations by serving as delivery points for the various services and inputs to the members and focal points for initiating the various development activities at the village level. The Anand Pattern's primary milk producer's Cooperative have certain features which are in many respects unique. Assured market for the milk procured, producer orientation, rationalised price structure, an, in-built incentive for increased milk production, input and production enhancement programmes are the underlying features, which are incorporated in the objects and functions by means of suitable bye-law provisions.

In Norway Cooperatives handle 100% sale of milk from the farmers. (1) In Israel the milk markets by moshavim in 1969-70 was at the order of 56% of all the milk marketed. (2) In Ireland cooperatives handle 80% of the creamery milk production and 75% of the processed and manufactured dairy products. (3) In Switzerland next to purchasing and marketing cooperatives milk cooperatives are the most important and wide spread. 56

56. ICA Year Book Agricultural Cooperation 1978. p.9
FISHERY:

India possesses potential sources of fish which are still lying untapped. The fishing industry can be of great importance if properly looked after. Besides, an article of diet, fish-curing industry can give employment to a large number of people, fish oil can be used by medical purposes and fish can be used as an article of manure. If properly organised, India can attain self-sufficiency in fish oil which is being imported from outside.

Fishing industry can be organised with still greater success in India. Fishermen are extremely conservative, ignorant, poor and illiterate. Besides, fishing industry is a small scale industry. All these factors provide great scope for the application of Cooperative principles in this direction as well.

6. MINING COOPERATIVES:

Cooperation in mining industry has evolved gradually in response to both availability and depletion of resources, technical and technological progress, economies and diseconomies of scale, energy crisis and substitution threat and growing consciousness of workers and public.
However, the basic tenents of this industry include maximisation of production and minimisation of wastage. Since most of the mining industry in India is located in the backward areas, the focus is on regional development primarily employment generation. Contradictory tendencies between the support of production system for a larger economy and the demand for regional development have led to unhealth relationships between income generation and reinvestment for development should provide the backgrounds for analysing the question of the environmental impacts of mining.\textsuperscript{54}. This essentially means that the environment consists not only of natural resources but also includes men & women and the relationship between different strata of society.\textsuperscript{53}.

5. **FORESTRY COOPERATIVES AND ENVIRONMENT**

Environment concerns all of us. It concerns our Cooperative too. And Cooperatives are ours. Our environment and ecological balance is under a great stress now. We have to work together to protect our environment so that our future generation are able to lead a wholesome and healthy life.\textsuperscript{53} The deteriorating condition of environment and ecology

\textsuperscript{53} Ibid, P-46
is engaging the attention of all human beings. National governments, non governmental organisations and international organisations have launched a number of projects there by trying to protect environment. The matter was discussed at considerable length at the central committee of the ICA at its meeting held in Madrid in September 1990.

In its message issued in conjunction with the 68th International Cooperative day (1990), The ICA called on its 600 million individual members to continue the battle to protect the environment, by supporting their societies, environment campaigns and suitable development programmes, lobbying local governments to adopt environment-friendly policies, boycotting protects which are harmful to the environment recycling reusable items and informing themselves and educating their children about nutrition and the environment. 54.

Being aware of the harmful effects to mankind through pollution and in accordance with the general policies laid down by the International Cooperative Alliance in this sector, the ICA Regional office for Asia and the Pacific (ICA ROAP), New Delhi, undertook to develop and launch modest programmes for its member-organisations in the region, by way of developing awareness materials. A small brochure - A Place to live written by Mr. Daman prakash, issued by the ICA ROAP in Nov. 1990 is a modest attempt
in generating awareness among the cooperative populace and to create situations where all members of the cooperative world stand together to participate in this most important activity of our lifetime, protecting the environments.

It order to get the best out of the treasures of nature, it is best to preserve the ecological balance and to help the life support systems to exist and develop further.

1 Conservation and Regeneration

The earth is being exploited extensively for minerals, metals, fuels, diamonds, gases and other natural resources. The oil reserves are currently under heavy pressure and one cannot expect them to live for ever. Alternative means of energy have to be identified and developed further in order to conserve natural resources for further generations. Water resources have also to be judiciously exploited and tapped. Excessive pulling water out also means depleting the water table thus producing another chain of environmental problems e.g., sinking of land, shortage of drinking water, etc. Everyone should, therefore, try to conserve the natural resources and regenerate the resources for future and to protect environment around us.

55. Ibid., p. 53.
In our rural areas we need water for various purposes. Government and other agencies provide water taps, but no one really thinks of the resulting problems e.g., disposal of waste water, drainage system in the village, paving and lining village drains, spread of water borne diseases. A facility of providing water in the village also produces a variety of pollution problems. The cow dung in India, for instance, is another factor. A majority of it is burnt as cooking fuel, while it could have been an excellent manure for the village lands. Only recently there is an emergence of biogas plants, but still the effort is too small to be noticed. Use of solar energy is still to emerge as a strong alternative.

Village school is provided by the Government. But the wastes from the school are not properly disposed of. There is four smell and consequently the sickness. Village garbage disposal is another issue, sanitation in the rural areas is usually the last issue which merits any attention. Rural local bodies are too poor to set up own development programmes. Fumes, gases, smoke, untreated water, garbage, coming out of the rural industries, or industries located close to the villages, also pose serious problems for the residents. Sugar mills are a good example in point. A nearby spinning mill or a tannery is another source of pollution for the people.

 bid, p.60
Some of the recent documents list the involvement of cooperatives in conversing the environment. The involvement is voluntary, positive and most welcome. It is a demand of the society. It is a question of a positive awareness among people and people's organisations. It is, however, significant to note that consumer cooperatives in the developed countries have provided the lead since the health conscious people have realised that fatty-foods, preservative oriented junk food, animal pre-tested beauty aids and other goods, chemically-treated or bleached vegetables and foods—add not only to environmental pollution but also are high health-risks. Cooperatives have also realized, thanks to the environments related publicity and information generated all around the world, that wood cases destroy forest; plastic containers and packing bags are dangerous for health; sanitary towels, napkins, shopping bags can also be produced out of recycled materials; glass, and all other metals can be retrieved from waste materials by processing and recycling the garbage; harmful elements and components can be substituted with environment friendly alternatives. Since consumer Cooperatives encounter a major chunk of community almost directly, they have happily responded to the need of the hour. This was the need of the community by introducing innovations. They have the credit, other forms of cooperatives e.g. agricultural cooperative, have also made

57. Ibid., vol. 6, p. 89
58. Ibid., p. 94
significant contributions to protection of environment by keeping the supply line pollution-free and healthy by incorporating corrective steps at the source of production. Some of the steps relate to balanced fertiliser application, improved seeds; scientific use of insecticides and pesticides proper disposal of agricultural waste etc. In a number of countries we also notice a proper relationship developing between the agricultural cooperatives and consumers Cooperatives - a closer and healthy cooperation between producers and consumers.59

informed about the varieties of fabrics produced in various states and also the industry about the changing fashions.

The internal marketing of handloom fabrics was left to state Governments and the cooperatives were given financial aid. An external marketing scheme was also launched, mainly for establishing and expanding foreign markets for handloom goods.

59. Ibid., p. 101
B. SERVICE COOPERATIVE

(i) Consumer Cooperatives:

Consumers as a class are by and large unorganised and have to submit themselves to the exploitation by the unscrupulous traders, middlemen as well as producers. Their exploitation is on various counts Price, quality, weightment etc., especially in regard to essential commodities of daily necessity. The retail trade is conducted in the traditional way as a non-institutionalised profession. It becomes very difficult for the state to control and regulate the activities of such retailers with a view to protect the interest of the helpless consumers. A distributive trade system setup on Cooperative basis by the consumers themselves should ensure equitable distribution of essential commodities and provide a check on the malpractices of the traditional private retailer as well as the monopolist producer. The consumer Cooperatives are expected to provide protection to the member against unduly high prices, Short weight and adulteration in consumer products. 60.

Consumers own shops that are managed by them for themselves. Great Britain has the distinction of having started the first consumers

60. Ibid. p. 106
cooperative society which was taken to be a model by the rest of the world. The earliest consumer cooperatives were started in India at the beginning of this century (1904). However, they were legally recognized under the Cooperative Act 1912. The Governments have found it convenient to rely more on consumer cooperatives in periods of emergency, especially, for distribution of controlled commodities. Thus under conditions of scarcity of consumer goods and inflation generated by the two world wars consumer cooperatives were set up to control the price rise of essential commodities and to ensure equal distribution, without malpractices and violation of regulations.

After independence, especially after the commencement of the planned economy, approach to consumer cooperatives was more from development angle although conditions created by such exigencies as chinese aggression in 1962 did necessitate a repeat performance of the earlier years. A deliberate attempt to set up a primary consumer cooperative store for every ten thousand of urban population and a wholesale store to serve about fifty thousand of urban population affiliating about twenty primary stores was made.

6| Ibid. No. 29, P-52
62| Ibid. P-55
THE OBJECTIVES

The main objective of consumer cooperatives is to provide protection to the consumer against exploitation. They are expected to sell goods at fair and reasonable prices, maintain purity and quality of goods, correct weighment and setup a standard of honest dealing. The objective is to be achieved by adopting a system of business that is characteristic of a cooperative-namely: (a) eliminating of intermediary in trade at certain levels, or wherever possible; and (b) eschewing the profit motive. As the consumer himself is the owner of the shop, he expects to be able to buy his requirements at the cheapest possible rate, subject to economic viability of the business. Consumer cooperatives have, thus, an important role to fulfil.

There is definitely a need to establish an effective consumer cooperative movement in this country.\footnote{Ibid. P-56}

All cooperative institution, of what ever kind, should endeavour to provide information and education to their individual members and public at large on consumers matter and impress upon them to organise themselves.
into consumers cooperatives in order to safe-guard their interests and rights as consumers. They should make people conscious of the need for healthy, safe and quality goods.

Agricultural, fishery and dairy Cooperatives should collaborate closely with consumers Cooperatives and supply their products at fair and competitive prices.

Credit Cooperatives, banks and insurance Cooperatives should assist in Organisation of consumers Cooperatives and extend to them financial accomodation on reasonable terms.

Industrial Cooperatives should supply their products to consumers Cooperatives at favourable terms and they should encourage their employees to become members of consumers Cooperatives.

The consumers cooperatives and produces cooperatives belong to the same Cooperative system. Never the less an enduring and genuine cooperation between the flourish only if economics of their transactions is also taken care of. No deal can be good unless both the parties stand to gain. Both the consumers and producers cooperatives should be brought
together on a negotiating table. The producer's cooperatives should generally be able to offer competitive terms to consumers cooperatives than the private trade.

In the country of the size of India, where cooperation is a state subject and consumption pattern and food habits of people vary from state to state and where presently regional feelings and sentiments are also rather pronounced, state federations of consumers cooperatives occupy very important position in any scheme for promotion and development of consumers cooperatives in the country.

Cooperatives development is essentially a programme of human development. Human values find an important place in the philosophy of cooperation. Hence development of human resources should find a high priority with the management of a cooperative.

(ii) TRANSPORT COOPERATIVES.

In India the Organisation of transport societies was mainly intended for the resettlement of ex-serviceman. Some of these societies were also

\[4\] Ibid. P-69
formed for the benefit of displaced person as well. In 1945, the Cooperative Planning Committee pointed out that in order to increase the efficiency of the transport system and to improve the economic conditions of the persons engaged in it, it was necessary to organise them cooperatively.

The need for an adequately growing and efficient transportation network is an economy can not be over emphasised. It indisputably constitutes the nerve system on the smooth functioning of which depends to a large extent success of developmental enlevours. In the country of continental dimension such as India, integrated and balanced development, based on division of labour, can not be had without efficient transportaion. Raw materials from different endowments have to be moved to the production centres and products taken from there to the consuming areas. Optimum utilisation of both men and materials, too, is dependent on transportaion efficiency; so also breaking of the geopgraphical barriers and opening up of the remote areas, which promote national integration.

65. Ibid. P-69
66. The Cooperative Planning Committee Report 1946 PP 47-49
A study group has appointed by the union Ministry of Transport in September, 1962 under the chairmanship of Shri S. N. Bilgrami. The main task of the group was to examine the scope for the Organisation of transport Cooperatives, to suggest a pattern for the Organisation of such Cooperatives to make an assessment of their financial requirements and to suggest the pattern of financial assistance. The group produced its report in May, 1964, on the basis of the data collected by it. It was noted that in 1963, 826 transport societies were organised in the country, of these societies 612 were passenger traffic societies 172 goods traffic societies and 24 such societies which were functioning in both the fields. 18 Taxi societies were also organised. Punjab was at the top with 288 passenger and 105 goods societies. Transport societies in the country have a membership of 33,000, of which 30% were actual suppliers, 5% were users and 65% were sympathisers. In the opinion of the group, goods transport societies should be organised by the actual suppliers.

The group also recommended the Organisation of service Cooperatives. Each societies may consist of at least 10 different bus owners or 15 truck owners with 25 vehicles in all. The functions of such Cooperatives will be:

(a) To undertake the work of booking agency

67. Ibid P-51
(b) Servicing
(c) Procurement and supply of spare parts
(d) Settlement of tax liability
(e) Cooperative insurance
(f) Training of drivers; and
(g) Attending to litigations

The group as further recommended the Organisation of taxi Cooperatives on the model of Cab-operator societies in Calcutta and Bombay. Such societies can be organised at the rate of at least one society in 38 bigger towns. The group has recommended that cycle-rikshaws should be banned as early as possible.

Regarding the finance of these societies the group was of the view that the funds should be made available by the State Governments and State Bank of India through the Cooperative Banks.

(iii) **EDUCATIONAL COMMUNICATION:**

Just like any other business organization, cooperative also need capital, knowledge, leadership and managerial skill. Unfortunately, the majority of cooperative members in developing countries are poor, underprivileged, under educated and inexperienced. That is why most of cooperatives in the third world are not able to achieve their desired goals except the few. This is because of many concerned problems.

It is generally accepted that cooperatives will not and cannot be developed as long as their members are poor, undereducated and inexperienced in doing business. It is necessary, therefore, to improve the performance of cooperatives through education and training, especially the member education.

Cooperative member education is the process of transferring cooperative knowledge and related matters to members, board of directors, employees, farmers and the public.

Because members and people in general do not understand well about the Cooperative what it is, how is it organised, what is the purpose, how does it work, and how to manage it. Besides, people have wrong ideas and bad image about the cooperative we must teach and train them and

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69. Pl. see - Report of the committee on Co-op. in India, About the Education Committee 1915 P-XIX.
Education is a vital factor for growth and expansion of Cooperative as a socioeconomic movement. In fact, no movement of lasting nature, what ever be its area of activities social, economic, political, cultural etc. can sustain itself without educating people. Education ensures to achieve the intended objective of the movement. Education motivates the potential beneficiaries to join the movement. It leads to better participation in the activities of the movement designed to reach visualised goal.

Education of members and potential members had been an integrated part of the cooperative movement, since the very inception. It would not be wrong to say that it had preceded the birth of the movement.

Education was no r eant elementary school education. To the Pioneers it was, in a narrow concept, to make the memberes to understand the concepts, ideals and working methods of Cooperatives, members obligations and responsibilities towards their society, while in the broader

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1. Pradit M.* Pradit M. Daman Praksh Short Essays on Member Development in Consumer Cooperative ICA, N. Delhi, 1991
2. Ibid P-XII
objective, cooperative education was to build good citizens, as the Pioneer's aim was to create a new socioeconomic order or a new society of people. Hence education was most essential, rather inevitable.

In all the countries, where cooperation was initiated and adopted by the people themselves, education of members was made a normal activity of the cooperative Organisation itself. At the initial stage however not much need was felt to impart managerial skills to the employees of cooperatives at these cooperatives were managed by honorary office bearers. But in due course of time, it became essential to have skilled workers and expert paid employees, competent to run cooperative business. Thus grew the need of professional training of paid employees of cooperatives.

(iv) MARKETING:

Javons stated that market refers to a body of persons who are in intimate business relations and carry on extensive transactions in any commodity; and he further observed that market is a region. The word marketing represents not only the sale of produce in the Mandi but also includes all the stages and processes it has to undergo in order to reach the consumer. It is a pipeline between the producer's field and the consumer.
Consumer's store room which includes various functions viz (1) bargaining (2) packing (3) selling (4) transport (5) grading, storage (6) processing (7) warehousing (8) pooling (9) financing at various stages. Thus cooperative marketing may be defined as cooperative association of producers is an attempt at self-help to overcome one or more functions performed by the middlemen and other servicing agencies.  

There is a long list of middlemen between the producers and consumers which causes low returns to the producers. The various stages of marketing are shown in the chart given below:

**Process of marketing Agricultural Produce**

<table>
<thead>
<tr>
<th>Produce</th>
<th>Mandi</th>
<th>Village Baniya</th>
<th>Village Baribe</th>
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<tbody>
<tr>
<td>Produce</td>
<td></td>
<td>Kachha Arheetiya</td>
<td>Creditors or Beopari</td>
</tr>
<tr>
<td>Produce</td>
<td></td>
<td>Pacca Arheetiya</td>
<td>Consumer</td>
</tr>
<tr>
<td>Produce</td>
<td></td>
<td>Wholesaler</td>
<td>Manufacturer</td>
</tr>
<tr>
<td>Produce</td>
<td></td>
<td>Retailer</td>
<td>Exporter</td>
</tr>
</tbody>
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73. S.S. Puri, Marketing Cooperative Development, NCUI, N.D. 1997 PP 34-37

74. Ibid, P-44
The agencies in the chain of marketing from the producer to the manufacturers and consumer depend upon the nature of the crop. Hence, the cooperative marketing of agricultural produce has acquired great importance. Cooperative marketing is a process of marketing through a Cooperative association, a voluntary business Organisation formed by its members for mutual benefit and self help.

At present various markeing functions such as collection, storage, financing, insuring, grading, sale and transportation of agricultural produce are performed by large number of persons who play the part of middle men. In the words of Margert Digby, The aim of every marketing cooperative is to sell the member's produce directly in the best market and in a state which attracts the best price. Its aims at grading the produce in such a way that the growers get the best price for all qualities.

When farmers combine and set up a cooperative marketing society to collectively market their produce, they are able to obtain a number of advantages as reduced cost and improved services, better prices, improved marketability of produce, safe-guards against price Rings.

The beginning of the cooperative marketing societies was made at Hubli in Bombay in the year 1915 when one such society was framed. After this the second Cooperative marketing society was started at Gadag
(Bombay) in the year 1917. The object of both these societies was to encourage the cultivation of the improved cotton.

The art of marketing is more difficult than the art of production and it is not a matter for a mateurs more especially so in the case of agricultural produce. The marketing of farm products should be so systematic scientific and organised as to enable the farmer to get a square deal and a fair share of the value of his produce.

In India, the need for an organised system of marketing has increasingly become imperative with the growing commercialisation of agriculture. In ancient days, when villages were isolated self-sufficient units, marketing did not hold any important place. The revolutionary changes in the means of transport and communications towards the latter half of the nineteenth century served to stimulate the expansion of India's foreign trade with distant lands. With the extension of irrigation facilities and with the establishment of Agricultural Departments, different regions specialised in different crops. But with the growing facilities, the farmer could be benefited to the extent he ought to have been, because he was ill-equipped to play the role of a businessman. He was too small in the marketing system as compared with distributors and the consumers whose

\[\text{Ibid, P. 56}\]
main interest was to get the produce at the lowest price. Thus marketing to the farmer became a subsidiary occupation. Moreover, the village community, was so much disintegrated owing to the centralised, administrative machinery and the growth of individualistic-spirit that it could not see face to face with the highly organised business community.

There are a number of advantages claimed for cooperative marketing. It not only strengthens the farmers position as a seller assures him of a regular trade outlet and enables him but also integrates marketing and productive operations, reduces waste by preventing duplication of agencies and provides facilities for improvement in the quality of agricultural products. It further attempts to eliminate those undersirable forms of speculation in which the motive is profit from price manipulations.

Besides these theoretical advantages, Cooperative marketing has achieved tremendous success in the west. In Denmark, U.S.A, Canada, Norway, Australia, Swedan, Switzerland and other countries, Cooperative marketing associations have been performing all the marketing functions simultaneously and these experiments provide strong justification for the Organisation of cooperative marketing societies.

76. Ibid, P.69
These societies can broadly be divided into:

(1) Cooperative Sale and Processing societies.
(2) Cooperative Pooling and Godown societies.
(3) Cooperative Commission Shops.
(4) Single commodity or multiple commodity societies.

Practically speaking all the above types of societies are found operating in India.

The membership of these societies is generally confined to the producers of the particular commodity. It was suggested that more funds could have been available to these societies and that buyers would be readily available if consumer stores were also enrolled as members. However much attention has not been paid in this direction as yet. It has also been suggested that some sort of compulsion should also be introduced in this direction, which has already been entertained by a few states in the country.

In our country, marketing societies have been established at national, state, central and primary level.

In an expanding economy the greatest responsibility which the marketing cooperatives are required to bear is the handling of the marketable surplus particularly in the agricultural sector.

\[\text{Ibid, P-69}\]