CHAPTER -1
INTRODUCTION : CO-OPERATIVES IN INDIA AND ABROAD

Co-operation is a way of life. One for all and all for one is the principle of co-operation. The Co-operative movement was started in 1904 and now it has become a part and parcel of our economic, social, political and even religious activities. It aims at the optimum utilizations of natural and human resources for accelerating the rate of economic growth.

Aristotle, a philosopher of ancient Greece, recognized the social nature of man when he said “Man is a social animal.” This statement holds good as long as civilization exists in this world.

Man can not live a happy and contented life if he lives in isolation. He needs the company help and support of other fellow being in society. Therefore there is a great need for co-operation which can be considered as the basic principle underlying human life.

Co-operation is a universal movement, which has been the very basis of human civilization. The inter- dependence and mutual help among human being have been the basis of social life.

The field of Co-operation has been the essence of social life and human progress.

The roots of formal co-operation could be traced to ancient times in ancient India, China, Egypt and Babylonia, in agriculture and crafts.

1.1 Origin of Co-operation

Origin of co-operation is as old as human society. It is ultimately the group instinct in a man, which enables him to live together work together and help each other in the time of stress and strain. It means instinct in a man is the basis of domestic and social life. Hence the origin of co-operation is really the history of modern civilization can not flourish social and economical progress in all ways without co-operation. The famous Scientist Darwin said that the evolution of man has not been competitive in terms of aggression however it has been competitive in terms
of co-operations. But man is now considered as more co-operative rather than aggressive, Emerson rightly said that, “Co-operation has a more evolutionary force in the development of man than has the better competitive struggle for existence. It transforms human life from the conflict in classes, in the pursuit of common good of all. The co-operation principle can also be traced out from the writing of “ancient, philosopher named plats” As again it is found today in the theories of modern scholars and thinkers.

The germs of Co-operation could be observed in religious institutions and traditional customs. The working of these institutions and customs was based on mutual assistance. Joint action, joint precession and joint management.

Co-operation existed even before the existence of man. In fact co-operation is much older than the man himself. Formation of social groups is the outcome of reflexive co-operation, while the life of ants, bees, wasps, lions etc. provided the best example of instinctive co-operation.

The practice of the principles of co-operation contributed of the development of human race more than any other biological and social factor.

Ashley Montague has rightly said that without the operation of the principle of co-operation all sociability and mutual aid the progress of organic life. Right from the hunting age up to the present day the progress and development of human being in all spheres, social, economic, religious and political is marked by a sense of thinking, working and living together co-operation is thus, older than co-operative movement.

The modern co-operation is in no way the continuation of the ancient and medieval forms and no historical link exists between the early attempts and the modern formal co-operatives.

The advent of Industrial Revaluation in England witnessed the rising specter of misery, destitution and poverty, where the industrial workers and common consumers were exploited. The government was least bothered to take measures to reduce the gravity of the situation.

The drastic ill-effects of industrialization gave momentum to few socially minded people to apply their minds to find alternative to new capitalistic order based
on the doctrine of individualism. In this situation, Robert Owen, an industrialist, educationist and socialist from England, came as a revolutionist with certain plans to reorganize the society on a co-operative basis. He had his interest in the welfare of his workers, who made certain practical experiments. He also believed that change in environment would bring change in individuals. The credit to needy movement was destined to 28 weavers as a group, popularly called the Rochdale pioneers, who had organized in 1844, a consumer store christened as “The Rochdale Equitable Pioneers Society”, at Rochdale near Manchester in England.

The Rochdale succeeded because they were all men of outstanding qualities and moral values along with clear vision, enthusiasm, initiative determination sincerity of purpose, courage, self denials, perseverance, dedication, one mindedness, mutuality etc. they were individually and collectively honest and their conduct was transparent, which promoted and cemented mutual understanding and faith among the group members. Thus, Rochdales became the founders of a world-wide, self-help movement i.e. the co-operative movement.

Rochdale success crossed the boundaries of England and the concept had been adopted under the economic system in diversified economic field and activities to eliminate exploitation. Besides consumer co-operatives, which had its beginning in England, workers co-operatives were organized in France, agricultural credit co-operative in Germany, agricultural co-operative in Denmark, service co-operatives in industrialized European countries etc.

1.2 Meaning and definition of co-operation

(a) Meaning of co-operation

The term co-operation finds its origin from Latin word “Co-operative” which means working together. Co-operation today is being understood to mean working together for a common purpose. Where a group of persons decides to work together in co-operation with each other, may that be a club, playground or educational institution, co-operation starts to play its role. The basic principle of co-operation are very old and can be found even in the primitive societies, in one form or the other.

Level of co-operation can be local, regional, national or international. In India
e.g. at local whole village panchayat system was based on co-operation.

Co-operation was the tenet of religious, social, economic and cultural life in those days. Even in Rigveda there is a customs bear ample testimony to the fact that in society co-operation had paramount place.

Co-operation has been differently understood by different scholars which indicates wide range of its scope. The whole process of co-operation is however voluntary and initiated, at least in theory, for hose who are supposed to belong to weaker voluntarily to use available or likely available resources for collective welfare.

Co-operation means coming together with mutual understanding to cater to the common need of the group. It is a voluntary gathering and when registrar becomes a legal entity, a body corporate, having all right of an individual. A single person has limited credit – worthiness, but when some person come together, credibility increases and the co-operative can raise fund to achieve its objectives.

The term co-operation suffers from having two meaning. In the literary sense it means “working together” which we find in every form of business.

The joint stock company however in the technical sense it means working together for some economic pursuit but on the basis of certain basic principle which differentiate it from other forms of organization co-operative organization are not were economic combinations but have some higher values embodied in them. While the idea of some other economic combinations is the exploitation of others, in co-operatives lie the idea of self help mutual aid and defense of the poor against the rich.

Co-operation is a association of persons working together towards a common end. It stands for better Business and Better Farming Better Business and Better Living. It signifies a new social philosophy and new outlook on life for construction and co-operation is also realized by Rigveda.

In short co-operation means “ An association for the purpose of the joint trading, originating among the weak and conducted always in an unselfish spirit on much terms that all who are prepared to assume the duties of membership may share its rewards in proportion to the degree in which they make use of the association”.

“Corporation is only one aspect of a vast movement which promotes voluntary associations of individuals, having common needs, who combine towards the
achievement of common economic needs”.

“Corporation is self-help as well as mutual help. It is a joint enterprise of those who are not financially strong and cannot stand on their own legs and, therefore, come together not with a view to getting profits but to overcome disability arising out of want of adequate financial sources and thus better their economic conditions”.

“A co-operative is an autonomous association of persons united voluntary to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise”.

(b) Definitions of co-operation

The term co-operation has been defined in different ways by economist, lawmakers, and others. The some of the definitions of the co-operation is as follows –

1. H. Calvert defined co-operation “as form of wherein persons voluntarily associate together as human being on a basis of equality for the promotion of the economic interests of themselves” (H. Calvert The law and principles of co-operation (Calcutta – Thacker, spick and co., 1993, P.-14)

2. Mr. Herrik defines “co-operation is the act of persons, voluntarily united for utilizing reciprocally their own forces, resources, or both, under their mutual management to their common profit or loss (M.T. Herrik, Rural Credits quoted by H. Calvert, in the law and principles of co-operation (1933), page – 42)

3. Professor P.H. Casselman has stated - “co-operation is an economic system with a social content” (Dr. B.S. Muthur, co-operation in India- 1985. Page – 8).

4. C.R. Fay “A Co-operative society is an association for the purpose of joint trading, organizing among the weak and conducted always in an unselfish spirit, on such terms that all who are prepared to assume the duties of membership may share in its rewards in proportion to the degree in which they make use of their association.” (C.R. Fay co-operation at Home and Abroad (London- P.S. King and Sons, 1908, page- 5).

5. Dr. R.Philips stated the co-operation “The co-operative association is an association of terms or households for business purposes an economic institution through which economic activity is conducted in the pursuit of economic

6. Dr. Louis P.F. Smith define a co-operative as “an association belonging to economic units (whether of producers or consumers) controlled by them for service to themselves in which the risk of profit or loss is borne by a variable price of goods and services rather than of profit on capital.”

7. According to Talmaki, “co-operation is an organization where a person voluntarily associates together with others on a basis of equality for the promotion of their economic interest means.”

8. The co-operation is a form of organization in which persons voluntarily associate together on a basis of equality for the promotion of their economic interest.”

8. Mr. W. P. Watkins a former director of the International co-operative alliance defines co-operation as “a system of social organization based on the principles of unity economy, democracy, equity and liberty.”

9. Dr. L.P. Jacks has called co-operation “ the most difficult and beautiful art in the world.” two things are indispensable to any art – vision and technique, as in all arts, the effective expression of co-operation depends even more upon vision than upon technique, important as are the forms of organization and the operating methods.

10. Dr. E. M. Hough defined “ In its broadest sense, co-operation may be defined simply as voluntary association in a joint undertaking for mutual benefit.”

11. Mr. V.L. Mehta, the veteran co-operator of India has described co-operation as follows: “co-operation is a vast movement which promotes voluntary associations of individuals having common needs who combine to ward the achievement of common economic ends.”

12. According to co-operative independent commission. “A co-operative society, in its economic aspects, is a voluntary organization set up by consumers or product to serve their own needs.”

13. Under the British Columbia Agricultural Association Act of 1911: an association shall be deemed to have been organized on a co-operative basis if it constitution and byelaws provide for securing to all produces who are its members a share in
the profits of association in proportion to the produce supplied by them after payment of a dividend upon the capital stock not exceeding a statutory maximum.

14. Under the Austrian Act, a co-operative society is an association with unlimited number of persons, the object of which is the promotion of industry or trades of their members by means of common action or credit.

15. Japanese Law of 1921 a co-operative society is an association having legal existence, formed by persons of modest means in order to promote and develop, according to the principle of mutuality, the exercise of their occupations and the improvement of their economic condition.

16. The Indian Co-operative Societies Act of 1912 has not given any definition of co-operation. Section 4 (c) considers a co-operative society as “a society which has its object the promotion of the economic interest of its members in accordance with co-operative Principle.”

1.3 A - B - C - D of co-operatives

A. Achieving the dreams for poor people.
B. Beginning of the new era marked with hard work, growth, and happiness.
C. Creating passion among the members, to work for others and follow the cooperative principle of concern for community.
D. Developing the tendency to say “I don’t need a second option except co-operatives”
E. Enhancing the values of honesty loyalty, care and commitment.
F. Fuel for growth along with the fragrance of care.
G. Growth through various sources of employment.
H. Highly efficient and humane top management.
I. Innovation supported by interactively and commitment to improve standard of living.
J. Justice for members on the guidelines of co-operative Acts and Rules.
K. Knowledge through education, training and information.
L. Leadership with a view to establish cordial relationship, mutual love and team feeling among the members.
M. Member economic participation.
N. New and unique source of employments, financial facilities and other relief to workers to help them over difficult periods.
O. Open membership.
P. Positioning co-operatives in today’s competitive environment.
Q. Queries solved in general baby, a democratic management.
R. Road of success open for everybody.
S. Strength to rise above the competition.
T. Targeting the weaker section of the society through different schemes and enabling them to stand high in the society.
U. Upliftment of the youths by providing them proper training and filing their information gaps so that they can learn and bring the renaissance in co-operation.
V. Values and clear vision towards the betterment.
W. Women participation is given high priority, so that they can achieve a respectful status in today’s modern society.
X. X marks should be inserted wherever it is needed for the deletion of corruption, disloyalty and other difficulties, which are the main hindrances in the smooth functioning of the cooperatives.
Y. Yes, for the acceptance of cooperative principles among the cooperative members.
Z. Zeal to grow.


1.4 Characteristics of co-operatives
1) The co-operative is autonomous institution:

   The co-operative organization is an independent of government and private forms as possible.

2) The co-operative is an “association of persons”

   The co-operatives are free to define “persons in any legal way they choose.
many primary co-operatives around the world choose only to limit individual human beings. The co-operatives other than primary level are usually owned by other co-operatives.

3) The Persons are United ‘Voluntarily’

Membership in a co-operative should not be compulsory. Members should be free, within the purposes and resources of the co-operatives, to join or to leave.

4) Members of a co-operative “meet their common economic, social and cultural needs

The co-operatives are organized by members for their individual and mutual benefit. Most of the co-operatives exist primary to meet economic purposes but they have social and cultural goods as well. By ‘social’ is meant the meeting of social goals, such as the provision of health services or child care.

Such activities must be conducted in an economic way so that they provide the kinds of services that benefit members. At the same time, the co-operatives may also embrace cultural goals in keeping with member concerns and wishes, e.g. assisting peace, sponsoring sports and cultural activities, and improving relations within the community.

5) The co-operative is “a jointly-owned and democratically-controlled enterprise

Within co-operatives, control is distributed among members on a democratic basis.

The dual characteristics of ownership and democratic control are particularly important in differentiating co-operatives from other kinds of organization, such as capital-controlled or government controlled firms. Each co-operative is also an ‘enterprise’ in the sense that it is an organized entity, normally functioning in the market place, therefore strive to serve its members efficiently and effectively.

6) Need of the organization for mutual economic interest

Members need the organization to meet some common economic needs and to earn return on capital invested.

7) One man one vote

The decision-makers in co-operative are the member shareholders. In co-
operative organization voting is not linked to investment in shares. This itself divorces the center of power from ‘investment’ to ‘member’ thus putting the person on a high pedestal.

8) Member participation to be monitored and managed

The diversity in needs and aspirations can pose problems to co-operation. The objective of fulfilling the needs of members in focus. There is impose obligations on co-operation to reach members and insure that they participate in the economic activity.

9) An enterprise

Though a co-operative lays stress on ethical standards, it is basically an enterprise. The society is run on business principle to ensure economic benefits its for members, apart from social and educational gains. Members manage the cooperative organization collectively at their own cost and share jointly in the gains, whether positive or negative.

10) Service objective

The main aim of co-operative society is to serve its members rather than to earn projects. This does not mean that the profit motive does not operative in the functioning of a co-operative organization. A minimum amount of project is necessary even for a co-operative to ensure that its members do not lose interest in it. The attention of the society is directed toward the provision of larger services for its members and bring home to them the knowledge that it works for their well-being. In the context of a co-operative society, the project motive is subsidiary to the service motive.

11) Equality

All the members of co-operative society are treated on considerations of equality for co-operation is possible only among equals. No discrimination among members is made on grounds of religious faith, political ideology, economic status, educational qualifications etc. All have equal access to the services made available by the society. In an environment of equality members feel free, and the feeling of interiority is completely.

12) Leadership based on entrepreneurial and representational abilities
Leadership in any business organization needs entrepreneurial qualities. In the case of co-operation the additional qualification required is the commitment of leadership to the collective cause of constituents or in other words the representational ability to the needs of members.

13) Co-operative responsibilities to the communities

It discharges its responsibilities to the community. Organizations are defined as goal oriented collectives consisting of groups of individuals. These organizations are structured bodies designed to achieve specific objectives that are part of the large industrial process, the banking structure of the country, urban co-operative credit society is the smallest unit in this structure of co-operative banking.

1.5 Objectives of co-operation

Every co-operative organization or society starts with certain objectives, these aims can vary from society. But one thing applies to all namely that without aims there can be no society.

Similarly, it is also clear that, it is not with the object of serving the interests of any individual but a group of individual or even of the society as a whole. It is based on equality and personal liberty. In the world of J.J. Wareley “ A co-operative philosophy of society must rest on free universal association democratically governed conditioned by equity and liberty”

If the co-operative is to work successfully it is essential that certain essential prerequisites should be there.

These are
1. The people should be prepared to work in a sport of co-operation.
2. There should be no exploitation.
3. Both consumer and producer should feel satisfied.
4. The member should be equal in all the respects.
5. Capital should not be allowed to dominate.
6. Official interference should be reduced to the minimum.
7. There should be no loss of initiative.
8. The member should be zealous to work.
9. There should not be any regimentation.
10. There should not be any political influence.

**1.6 Co-operation - philosophy**

The philosophy of co-operation based on the basic principle of “Each for all and all for each” the co-operators being generally persons with a small resources must place more stress on their members should have an equally forceful voice in the affairs and be able to freely express their opinions.

**1.7 The core values /ideals of co-operation**

“Co-operatives are based on the values of self-help, self responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others”.

Co-operation is a value since the times of Rochdale Pioneers have remained the core of the co-operative identity. They are the basic rules of co-operative society’s organization and operation which lay down the special relation of members among themselves and those between themselves and their enterprise. These are values which govern the internal nature of co-operatives. Another set of values govern the external relation, that is its relation with the society at large.

**Analysis of core values of co-operation is as follows**

**1. Spontaneity**

Co-operation is always voluntary. Compulsion is negation of the spirit of co-operation. People join together on the basis of a rational judgment and deliberate choice. As pointed out by Edgard Milhaud “Men may collaborate under compulsion, they co-operate only I freedom” voluntaryism is essential for cultivating the spirit of co-operation; and little will be achieved without the real spirit of co-operation.

**2. Homogeneity**

People who become members in a co-operative association have certain common economic need, which they seek to meet by means of the common enterprise.

**3. Neutrality**

Co-operation is neutral to politics, religion, race and nationality membership is available without any social, political or religious discrimination.
4. Universality

The membership in a co-operative is not restricted to any particular group. It is open to all persons who can make use of us services.

5. Mutuality

Co-operation is synonymous with solidarity. It is an organization meant for mutual self-help. The common aim creates solidarity which calls for mutual aid. The co-operation is that “each shall work for all and all shall work for each in the attainment of their common need.” The purpose of co-operation is mutual service.

6. Equality

“There can be no co-operation unless it is between quails” co-operation is a human organization which grants equal rights to all members” simply because they are human beings. It completely rules out capital as a source of power and a source or revenue. Equality implies equal participation in the organization and opportunity to make use of the services of the association.

7. Democracy

Co-operative form of organization seeks to realize democracy in the economic sphere. The democratic control by the members is ensured by providing equal opportunity for everyone to participate in the administration and by giving equal voting right to all.

8. Autonomy

The democratic nature of co-operation demands autonomy, self determination. The members are in absolute control and are the ultimate authority of the enterprise. It means that co-operation would “cease to exist if its management policy were directed by a higher authority” The control vests in the general body of membership; and the general body determines the purpose of the organization and the basic management policies.

9. Participation

Co-operation provides institutional channel or member participation. Members have right to participate in the process of democratic control, in the business of the organization as members users and the sharing a part of the surplus equality and in evaluating members get training in democracy and business.
10. Equity

Co-operation aims at distributive justice. A co-operative enterprise may derive because of its cost-plus pricing policy. Recognizing that this profit arises out of overcharging member-users it is given back to the members in proportions to their in proportions to capital contributed by member as in a capitalistic organization. In co-operation, capital is neither a source of revenue nor a source of power.

11. Frugality

Co-operation places faith in self-help. It is a ‘self-help made effective by organization’. It promotes the habit of thrift among its members. Thrift is the basis of self-help and it must precede credit.

1.8 Five good reasons for co-operatives

1. Co-operatives are community Enterprises

Co-operatives keep economic benefits within a community, profit is not siphoned off by outside interests because the co-operatives member are its owners, and the co-operatives exists to fill a need in a community that is not being met by other businesses.

- Agricultural co-operatives satisfy the need for supply, processing and marketing of goods.
- Consumer co-operatives provide the members with the goods and services required of the preferred quality at competitive prices.
- Workers productive co-operatives are formed to creates or maintain employment in a community.
- Housing co-operatives give low-income people the opportunity to own their own homes.
- Co-operatives insurance protects individuals and small businesses from risk.
- Credits unions serve people of limited incomes not reached by commercial banks, and extend credit to micro entrepreneurs who otherwise might not be able to secure financing.
- Tourism co-operatives facilitate the opportunity of holiday stay and travel and offer fair prices and good quality service to their members.
Electric and telephone co-operative meet rural peoples needs for power and telecommunications not satisfied by private business.

Community development co-operative are formed for the overall development of local communities and are specially concerned with social, economic and cultural development.

2. Co-operatives promote democracy

- Co-operative members own their business. They provide share capital, elect a board of directors and receive the benefits of ownership through butter service and patronage refunds based on use.
- Co-operative teach people outside the mainstream into a nations economic and political life.
- Co-operative teach people how to resolve problems democratically from co-operative have gone on to become political leaders in their nations.
- In emerging democratizes, co-operative help throw off the shackles of a non-market economy. Their members develop the skills of entrepreneurship and learn market values.

3. Co-operatives build open markets

- As more and more government divest state-owned enterprises, there is a danger that these monopolies may be moved intact into private hands.
- Co-operative help avoid this pitfall by ensuring wide participation by the users of the former state service. Co-operative speared economic power and encourage competition, they provide market leverage to small producers victimized by powerful cartels or sole source companies. They undercut middlemen and money lenders whose charges are often exorbitant. By ploughing profit back into the business, co-operative can operate on narrower margins. Thus they help drive unfair prices, and set a competitive range for goods an service.

4. Co-operatives raise human dignity

- Co-operative help people escape poverty and achieve dreams, such as owning a home or giving their children an education. Since educated decision making is essential to a co-operative success. Co-operative also teach new skills, from adult
literacy to business operations.

- Co-operative empower individuals by giving the chance to participate in decision which have an impact of them armed with the ability to effect change.
- Members find solutions to social and economic needs. Co-operative provide an organized way for low income people to relate to sometimes distant governments and economic power structures.

5. Co-operatives are Systems for Development

- Co-operatives draw community businesses into regional and national networks. Local co-operative benefit from larger business volume operative efficient and professional management. The economic pyramid enable farmers to purchase supplies at volume discounts and receive profits from value added processing and consumer sales. Credit unions pool their resources, and are able to transfer surplus saving to credit unions in lower income areas.
- Electric co-operative join together to buy power at a lower cost. They become an engine for development, spurring the growth of enterprises not possible without reliable energy. Co-operative insurance companies are tied into a worldwide reinsurance network to protect against catastrophic losses. They pool groups of individuals not served by commercial companies to guard against personal and business risks.

( Source – Asia a Pacific Cooperative news, a news bulletin of the ICA regional office for Asia and Pacific, Vol - 10, No. 4, Oct - Dec. 2003.)

1.9 Principles of co-operation

The co-operative principle are guidelines by which co-operatives put their values into practice. The ICA (International co-operative alliance) has stated the following seven principles, as decided and adopted at its Manchester Congress in September, 1995.

1) Voluntary and Open Membership

Co-operatives are voluntary associations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social political or religious discrimination.

2) Democratic Member Control
Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives, members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.

3) Member Economic Participation

Members contribute equitably to and democratically control the capital of their co-operative. At least part of that capital is usually common property of the co-operative, members usually receive limited membership. Members allocate surpluses for any or all of the following purposes:

- Developed their co-operative possibly by setting up reserves, part of which at least would be indivisible.
- Benefiting members in proportion of their transactions with the co-operative.
- Supporting other activities approved by the membership.

4) Autonomy And Independence

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations including governments or raise capital from external sources, their members maintain their co-operative autonomy.

5) Education, training and information

Co-operatives provide education and training for their members elected representatives, managers and employees so they can contribute effectively to the development of their co-operatives, they inform the general public particularly young people and opinion leaders, about the nature and benefit of co-operation.

6) Co-operation among co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

7) Concern For Community

Co-operatives for the sustainable development of their communities through policies approved by their members.

1.10 Nature of co-operation
1. **Co-operation is a universal form of organization**

   Co-operation is a general form of organization and it is applicable to consumer co-operatives producers, co-operatives, credit co-operatives, farming co-operatives. Industrial co-operatives, processing co-operatives and other types of co-operatives.

2. **The co-operative is an enterprise**

   It is engaged in a business activity-production, distribution, supply, marketing of credit. It is not a charity. It is engaged in a business relevant to the common economic needs of the members.

3. **Co-operations is at once an enterprise and an association**

   The enterprises is not separate from the association. Dr. Fauquet develops this idea with great lucidity. According to him “the co-operative enterprise is collective” in other word, it is the association that is an enterprise.”

4. **The Co-operation is a service enterprise**

   The Co-operative enterprises is not meant for earning profit for its owners by doing business with others.

   It is rather intended to render services to its members by meeting their common needs as economically and effectively as possible.

5. **Co-operation promotes the welfare of the community as a whole**

   Even though the surplus earned by a co-operative arises out of over changing members (consequential to the policy of cost plus pricing ) and it is expected to be returned member users in proportion to their patronage in proactive a major part of the surplus is used party fro creating reserve funds and party for creating common goods fund. The reserve fund is not shared by the members at any time even when the society is wound up. It becomes the social wealth of the local community. The common good fund is used for any good common purpose of the community.

   In fact the ultimate intention of the Rochdale Pioneers was to replace the capitalist system and its theory of profit by a co-operative community.

6. **Co-operation is essentially an association of human being and not a union of capital**

   Perhaps Co-operation is the only form of economic organization which retains human being and which treats capital as a mere tool in their hands. The rule of “one
member, one vote” reinforces this idea.

7. A co-operative organization is owned and democratically controlled by member users:

In a co-operative organization, the members and the users are the same. The member users own the organization and control it democratically. All members enjoy equal rights in exerting control, irrespective of variations in the amount of share capital subscribed by them. Eliminating the opportunity for any member or small group to gain control over the co-operative by virtue of his or their shareholding. That is control by capital is eliminated and control is vested in members as human beings.

8. Co-operation eliminates the economic duality through member user identity

Where buyer and seller or borrower and lender or craftsman and master are two different persons there will be economic conflict between the two parties and the economically stronger (i.e., seller or lender) will tend to exploit the weaker (i.e., buyer or borrower) co-operation eliminates this conflict and exploitation through member user identity. In a co-operative organization the buyer is the seller or the borrower and the lender or the master and the craftsman are one and the same person. Hence there is no exploitation of one by another.

1.11 Need / Necessity of co-operation

There is no room for doubt as to the role, relevance and necessity of co-operative movement in a big way to fulfill the aspirations of the majority of the poverty-stricken unorganized people and the farmers. According to the 31st ICA Congress held at Manchester in 1995 a co-operative has been defined as an “Autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise”.

Life of man, so very complicated today, has passed through various transitions. In the early stages of human civilization population was very small and wants were few, while the means of subsistence’s were available in abundance. The methods of production were primitive and economy was based on self-sufficiency. Since the wants were few, everybody could make individual efforts to satisfy them, with the advancement of civilization, wants began to multiply. It no longer remained
possible for individuals, thus arose out of necessity. People produced not only for the satisfaction of their personal needs but in larger. This quantity in order to exchange the surplus produce with others. This gave rise to what we call the exchange economy. With the advent of division of labor some improvements in the methods of production were also visible.

Side by side, the barter economy gave place to money economy, because of the obvious difficulties in the former's system.

The concepts of money, property and their ownership gave rise to inequalities in the distribution of wealth and incomes among the people. Though all started the race together some secured advantage over others by dint of their merit, hard work or other such means. This brought into being an economic system which is called by the name of capitalism “Capitalism has been defined as economic system in which business and industry is organized and carried on for profit by private enterprise with the minimum of Government interference.” In a capitalistic setup economic law are allowed a free play. The laws of supply and demand operate in the economy and the various factors of production i.e. land, labour and capital are allowed to compete with one another without the intervention of any outside body. No doubt private enterprise has its own advantages, that is there is incentive to production there is opportunities for worthwhile persons to show their talent greater quantity of goods are available on cheap rates, there are no bureaucratic and other hurdles as found in state enterprises yet is not free from certain serious defects. There is unequal distribution of wealth and the gulf between the rich and the poor widens. Profit motive in private enterprise lead to exploitation of workers and consumer.

Non-interference by government leads to over production of some unnecessary goods on the hand and scarcity of goods needed by the common man on the other. The human values are not honored and workers personality is reduced to an extremely low level. In the organized industries the workers have generally taken steps against the exploitation and have organized trade union of improve their conditions of employment and make provision for same common benefit. However such combinations are not possible in all industries. Moreover the concentration of
wealth in a few hands give them social strength as well as political power. The alternative economic system suggested by economists and social reform include communism and various other forms of socialism. However even in communism of state socialism where there is socialization of property there is concentration of power in few hand and the liberty of individual is restricted to a great extent. There is a lack of initiative and competitive spirit among the people. Co-operation is a social type of economic combination of men of moderate means to save themselves from the exploitation on the rich by pooling their resources on the basis of equality within the capitalist or semi socialist system.

Co-operative economy or enterprises can work in a mixed semi-sociality system where some of the industries are in the public sector, some in the private sector and some in the co-operative sector.

1.12 Dimensions and contribution of co-operatives

a) Dimensions

Strong network of the country in terms of reaching every village farmer, sector etc. has been crept in through the establishment of 5.01 Lakhs co-operative societies. The relationships are built from remote village to district to state to the national levels by the co-operative in India.

Few dimensions of co-operative in India are depicted in table 1.1-

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Content</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Number of co-operatives (All level)</td>
<td>503963</td>
</tr>
<tr>
<td>2</td>
<td>Membership of co-operative (All level)</td>
<td>209127 Million</td>
</tr>
<tr>
<td>3</td>
<td>Share capital (All level and all types)</td>
<td>178687.3 Million</td>
</tr>
<tr>
<td>4</td>
<td>Working capital (Credit + non credit)</td>
<td>2271118.3 Million</td>
</tr>
<tr>
<td>5</td>
<td>Reserve</td>
<td>179145.8 Million</td>
</tr>
<tr>
<td>6</td>
<td>Deposit</td>
<td>1159664.9 Million</td>
</tr>
<tr>
<td>7</td>
<td>Converges of households</td>
<td>67%</td>
</tr>
<tr>
<td>8</td>
<td>Village covered by co-operatives</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 1.1 Clearly indicates that structural string built dimensions of co-operative in India, alarms the need for effective and performance oriented skillful management, suggesting to sow the seed of professionalisation slowly and steadily across the country in various co-operatives.

B. Contribution of co-operative to Indian economy

Table 1.2: Highlights the contributions of co-operative in India

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Content</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Rural network (Village covered)</td>
<td>100</td>
</tr>
<tr>
<td>2</td>
<td>Agricultural credit disbursed by</td>
<td>46.31</td>
</tr>
<tr>
<td>3</td>
<td>Fertilizer disbursed</td>
<td>36.6</td>
</tr>
<tr>
<td>4</td>
<td>Fertilized production (Nitrogen)</td>
<td>14.8</td>
</tr>
<tr>
<td>5</td>
<td>Fertilized production</td>
<td>23.5</td>
</tr>
<tr>
<td>6</td>
<td>Sugar produced</td>
<td>54.95</td>
</tr>
<tr>
<td>7</td>
<td>Capacity utilization of sugar mills</td>
<td>85.7</td>
</tr>
<tr>
<td>8</td>
<td>Jute procurement</td>
<td>21.5</td>
</tr>
<tr>
<td>9</td>
<td>Retail fair price shops</td>
<td>28</td>
</tr>
<tr>
<td>10</td>
<td>Milk procurement to total production</td>
<td>6.7</td>
</tr>
<tr>
<td>11</td>
<td>Milk procurement to marketing surplus</td>
<td>10</td>
</tr>
<tr>
<td>12</td>
<td>Oil marketed</td>
<td>51</td>
</tr>
<tr>
<td>13</td>
<td>Spindleage in co-operatives</td>
<td>10</td>
</tr>
<tr>
<td>14</td>
<td>Cotton marketed \ procurement</td>
<td>67.5</td>
</tr>
<tr>
<td>15</td>
<td>Cotton yarn\ fabrics production</td>
<td>22</td>
</tr>
</tbody>
</table>
### Table 1.2

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>Handlooms in co-operative</td>
<td>55</td>
</tr>
<tr>
<td>17</td>
<td>Fishermen in co-operatives</td>
<td>21</td>
</tr>
<tr>
<td>18</td>
<td>Storage capacity (village level PACS)</td>
<td>62.5</td>
</tr>
<tr>
<td>19</td>
<td>Soyabeen production</td>
<td>7.5</td>
</tr>
<tr>
<td>20</td>
<td>Salt manufactured</td>
<td>7.4</td>
</tr>
<tr>
<td>21</td>
<td>Self employment generated for persons</td>
<td>12.5</td>
</tr>
</tbody>
</table>

(Source: Vision 2005 Indian co-operative movement a profile)

Table 1.2 clearly demonstrates amazing and sumptuous contribution by co-operative in the development of Indian economy, suggesting that co-operative is vital and key sector which should be well-supplemented by proficient professional management in its day-to-day operations. The co-operatives have been functioning equip-proportional between public and private sectors since many years.

#### 1.13 Co-operative movement- a global perspective

The origin of the co-operative movement can be traced back to the first half of the 18th century. Those were the days of scarcity and shortages in whole of Europe. The capitalist structure created by the industrial revaluation was also responsible for creating many social and economic evils in the society.

“The co-operator through which he expounded the philosophy of consumers co-operatives. The movement was given a big push in 1844 by handful of weaves by launching a small consumer store called Rochdale Equitable Pioneer’s Society. It is run according to certain business rules, which later on, acquired the shape and style of co-operative Principles.

From England the co-operative movement spread to some continental countries, particularly, France, Germany and Italy. In France, Charles Fourier, son of a cloth merchant advocated co-operative production. Paul Lambert in his book, Studies in Social Philosophy of Co-operation writes “Fourier was one of the first reforms who laid stress on the stress on the fact that the struggle against pauperism who on the increase of production than on better distribution provided would at least
Secure a production occurs in social context which would at least secure.”

“A proportional distribution of the growing national income” co-operative experiments of various kind were made by Proudhon, Phillipe Buchez, Charles Gide, George Fauquet and Louis Blane.

In Germany, Hermann Schulze-Delitzsh, and Fridrich Wilhelm Reiffeisen, towards the end of 1840 set up several associations for benefiting the poor people in urban and rural areas respectively.

In Italy, development of co-operative movement was undertaken by Luzzatti and Leone Wollersburg. In order to acquire a thorough understanding of the Raffelisen system, Luzzatti went to Germany, and on return he set up in 1866, the first co-operative bank named, “Banche-Popolare” (People Bank).

Soon the movement attracted the attention of social workers of several other European Countries as well as those of the continents of America and Asia, facing similar socio-economic problems.

In fact, by now the movement had attracted international attention leading to the establishment of the International co-operative alliance at London in 1895. This organization provides a forum for co-operation and re-enforcement among national co-operative movements. Another factor which contributed to the spread of the movement after the second world war was the emergence of several independence states, particularly in Asia and Africa. The new states encouraged the spread of the co-operative movement as a part of their national strategy for planned development. As such by now it has spread into various countries round the globe which is apparent from table 1.3.

**Table 1.3 - Co-operative movement in various countries**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Type of co-oper</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Consumer’s co</td>
<td>England, Russia, Sweden</td>
</tr>
<tr>
<td>2</td>
<td>Credit co</td>
<td>Germany, Italy, Sweden, India</td>
</tr>
<tr>
<td>3</td>
<td>Marketing co</td>
<td>Canada, U.S.A. and Australia</td>
</tr>
<tr>
<td>4</td>
<td>Land mortgage credit</td>
<td>Germany, England, France</td>
</tr>
<tr>
<td>5</td>
<td>Dairy co-operatives</td>
<td>Denmark, New Zealand</td>
</tr>
</tbody>
</table>
6 Farming societies | Russia, Yugoslavia, Palestine
7 Housing societies | U.S.A. Sweden and Israel
8 Producer co-operatives | France and England
9 Labour co-operatives | Italy
10 Insurance co-operatives | England
11 Co-operative education | England

The development of the co-operative movement during forties in the world was also highlighted by G.D.H. Cole in his book 'A Century of Co-operation'. He observed -Today’s co-operation is a world wide movement. It exists in some form in every continent and in nearly every considerable country, In this connection it will be worthwhile to mention the observation of late Pandit Jawaharlal Nehru. He summed up the origin and growth of the movement on the following word -

“The co-operative movement started long ago in many countries on a relatively limited scale and with rather limited objective. It has grown big in every country - whether it is communist, socialist or capitalist. It has grown big and is ever-growing bigger because it has supplies a very big need. It many differ slightly in various countries in its make up, but broadly speaking the basic things about the movement are much the same everywhere”

Although the needs of various type of co-operative organization have been different in various countries, according to different historical circumstances and different environments in which they work and grow, yet there always has been something common which has held them together through the times. It is the “co-operative principle’ which has provided the common bond.

1.14 Co-operative movement abroad

The modern co-operative movements is an organized for as a world movement emerged in the middle of the 19th century. When men and women combined to find out an alternative to replace the exploitative tendencies and cut throat competition unleashed by industrial revolution. As a result against the new capitalistic order based on the doctrine of individualism socialist ideas began to develop in this period
Robert Owen, Kari Mark and others opposed capitalism and competitive systems. They opposed capitalism not only on the grounds of its injustice and inefficiency but also because of its ill effect on human character and helplessness. They sought to create a new social moral world favorable to the promotion of good character and human happiness.

**Germany**

Germany was the first country in the world to apply the principle of co-operation in the field of credit. The co-operative movement was started in the middle of the 19th century. At the time the economic condition of Germany was extremely deplorable and peasantry and artisans felt crushed under heavy weight of indebtedness. Famines were a common phenomenon. Usury was the order of the day. The Jews ruled over the market and the poor laborers and farmers had no way out except to buy articles of their requirements from them and to sell their products to them.

The Jews were not only the buyers and sellers but money lenders as well. Usually illegal rate interest on loans was the order of the day.

F.W. Raiffeisen (1818-1888) and Franz Schulze (1809-1883) the two pioneers in this field, took the initiative and started introducing various measures of relief. They started their schemes at about the same time but their fields of operation were entirely different. Rauffeisen 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.

Franz Schuize was a judge in his native town Delitzsch. He had seen the miserable conditions of the people especially of low means, with his own eyes. In 1850, he founded the first credit association with the funds provided by those who were well off and who did not require any financial help. Schulze formed a rule that any member could get the loan from this association. In 1850, he founded a society at Delitzsch, which was based on co-operative principle. He proposed the first cooperative law in 1867, which became applicable to the entire country in 1889. According to this law all co-operative societies were to be organized on the basis of limited liabilities.
Both the above personalities realized that “Self Help” was the only way out as it relief to fixed income group of person for their economic improvement.

Britain

Britain is the home land of co-operative store movement. It is 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. Robert owen (1771-1858) started schools for co-operatives as well as general education.

Amidst these co-operative efforts, experiments and failures of the “Rochdale friendly co-operative society” was formed in 1830.

The co-operative credit movement in Britain has not appreciable progress, chiefly because Britain is highly industrialized and its agriculture is not in a backward state. In Britain farmers are quite well off and do not depend on the money lenders. Another reason for the slow growth of the movement is that no concerted effort has been made to organize the movement. Whatever co-operative societies have been established, are more or less inactive.

Denmark

Denmark is the homeland of agriculture co-operation in the world. One of the most interesting and essential features of the Danish co-operative movement is its voluntary development.

It is the voluntary movement by the producer and consumers who wanted and were able by their own effort to tackle their economic problem wholly or partly in collaboration with their fellow countrymen.

Denmark has no co-operative legislation. The different type of activities have been organized freely, adjusting themselves according to the local needs and conditions. The basic principle guiding the movement has been to strive on a no profit basis for the direct economic benefit of the members who have founded the societies and are their sole owner. First credit association was established in 1850 for advancing mortgage loans to the farmers. The first consumer co-operative was established in 1866.

Japan

The co-operative movement in Japan started in the middle of the 19th
century. Co-operative credit organization known as ‘Koh’ were the first to be established. The basic principle behind the organization of these institutions was that a group of friends would contribute to a saving pool to be used as a loan fund. The members could barrow from this fund in times of need and pay back gradually by making deposits to the fund. The ‘Koh’ type of credit organization originated during 14th century.

Credit co-operatives were organized mainly in urban areas. In the initial stages of the movement the credit co-operative grew most rapidly. The first consumer co-operative was established in 1879.

**U.S.A.**

The co-operative movement in the U.S.A. is quite ancient. It started with the first settlees in the country. In its initial stages it flourished only in the field of agriculture. Legally speaking the co-operative movement started in 1865 when the first co-operative law recognized the sale and purchase co-operative for the first time. Prior to the enactment of the co-operative law of 1865 the period is known in the history of the operative movement as that of associationism.

The U.S.A Government created farm credit administration in 1933 for advancing loan to farmers and their co-operatives.

**1.15 - Co-operative movement in India**

The idea of co-operative is not any way new to India. It has been known and practiced in India since time immemorial. The socio-economic fabric of our ancient village, Primarily based on Hindu joint family system, is a glaring example of co-operative life. Therefore, the former Prime Minister of India, Indira Gandhi pointed out that co-operative in its simplest form was not unknown in India.

Besides, in the words of the first Prime Minister of India, Pandit Jawaharlal Nehru, co-operation in India in a sense has been functioning for a fairly long period, it has done good work in selected areas of India.

**Table 1.4 - Share of co-operatives in national economy**

<table>
<thead>
<tr>
<th>Share of co-operatives in national economy</th>
<th>46.15%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural credit disbursed by co-ops</td>
<td></td>
</tr>
<tr>
<td>Activity</td>
<td>Percentage</td>
</tr>
<tr>
<td>---------------------------------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Fertiliser production (3.293 MT-N &amp; P Nutrient)</td>
<td>27.65%</td>
</tr>
<tr>
<td>Fertiliser production (6.049 million tonnes)</td>
<td>36.22%</td>
</tr>
<tr>
<td>Sugar production (10.400 million tonnes)</td>
<td>59.0%</td>
</tr>
<tr>
<td>Wheat procurement (4.501 million tonnes)</td>
<td>31.8%</td>
</tr>
<tr>
<td>Animal feed production /supply</td>
<td>50%</td>
</tr>
<tr>
<td>Retail fair price shops (rural + urban)</td>
<td>22%</td>
</tr>
<tr>
<td>Milk procurement to total production</td>
<td>7.44%</td>
</tr>
<tr>
<td>Milk procurement to marketable surplus</td>
<td>10.5%</td>
</tr>
<tr>
<td>Ice cream manufacture</td>
<td>45%</td>
</tr>
<tr>
<td>Oil marketed (branded)</td>
<td>50.0%</td>
</tr>
<tr>
<td>Spindledge in co-ops (3.518 million)</td>
<td>9.5%</td>
</tr>
<tr>
<td>Cotton Yarn / Fabrics production</td>
<td>23.0%</td>
</tr>
<tr>
<td>Handlooms in co-operatives</td>
<td>55%</td>
</tr>
<tr>
<td>Fisherman in co-operatives (active)</td>
<td>21.0%</td>
</tr>
<tr>
<td>Storage facility (village level PACS)</td>
<td>65.0%</td>
</tr>
<tr>
<td>Direct employment generated</td>
<td>1.07 million</td>
</tr>
<tr>
<td>Self -employment generated for persons</td>
<td>14.39 million</td>
</tr>
<tr>
<td>Salt manufactured (18,266 matrictonnes)</td>
<td>7.6%</td>
</tr>
</tbody>
</table>

(Source - The cooperator, National level Monthly journal, Jun 2004.)

The Indian co-operative movement, like its counterparts in other countries of the world has been essentially a child of distress. It has emerged out of turmoil and dissatisfaction which prevailed during the last quarter of the 19th century and worked as a direct consequence of the industrial revolution. The revolution led to the decay of cottage industries and growing pressure on land making agriculture an uneconomic venture greater mobility of rich people from village to towns and of capital to new channels of investment; the growth of middlemen acting as parasites to the disadvantage of small producers, new debt legislation which changed completely the borrowing and the lending system; the change in the method of payment of land revenue from mind of cash, throwing cultivators into the clutches of the money lenders etc.
All these destroyed the self-sufficient economy of the villages; the failure of rains and frequent farmers increased by leaps and bounds. Their belief in fate strengthened. This fatalism coupled with illiteracy threw them into the deep ditch to stagnation, dejection and disappointment. The Government of India first, took indirect taps to check the growing influence of the Mahajan but large success could not be achieved. Thereafter various legislative measures were adopted for granting loans and credit facilities to the farmers for their agriculture pursuits. Among these measures mention may be made of the Deccan Agriculturists Relief Act of 1879, the Land Improvement Loans Act of 1883, and the Agriculturists Loans Act 1884.

The Madras Government sent Sir Feserick Nicholson for studying the co-operative movement in European countries. Nicholson’s report was received in 1899 and it was brought to the notice of the Government of India Nicholson’s remark “Find Raiffeisen” Meanwhile, some 200 co-operative societies and Nidhis in U.P. and Madras had already come into existence.

1.16 - Co-operative legislation in India

Co-operative Societies Act 1904

The history of co-operative legislation began in India when the first co-operative societies act was passed in 1904.

The object of the act as stated in the preamble was to encourage thrift, self-help and co-operation amongst agriculturists, artisans and persons of limited means.

The act was elastic and left sufficient latitude to state government to frame suitable rules for the control and development of co-operative movement in their respective areas.

Co-operative Societies Act 1912

It was however, soon found that the co-operative societies act 1904 was restricted in its scope, in that it permitted registration of primary credit societies alone and left non credit societies and federal organization of primary co-operative credit societies are of its purview. These shortcomings were removed by the co-operative societies act, 1912, which however retained the simplicity of the earlier act.
The Constitutional reforms of 1919

Co-operative legislation entered upon its third phase with the constitutional reforms of 1919, under which co-operation becomes a transferred subject. Some of the states where the co-operative movement had made considerable progress, found that the many sided developments which it had attained could not be adequately served by the simple act 1912. Bombay gave ahead in this regard and passed a new act, viz. the Bombay co-operative societies act 1925, which come to force in the same year. This was followed by Madras, Bihar, Orissa and Bengal which passed their acts thus enacted in these states the essential features of the act 1912 were still retained in every one of them.

1.17 Co-operative movement in Maharashtra

Maharashtra an overview

In India Maharashtra state is leading state in co-operative movement. Co-operative institution played important role in the economic development of Maharashtra. Maharashtra state co-operative societies act come into existence in the year 1960. Following table Indicates the progress movement in Maharashtra from the year 1961 to 2002.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Societies</td>
<td>31,565</td>
<td>42,603</td>
<td>60,747</td>
<td>104,620</td>
<td>152,745</td>
<td>58,016</td>
<td>165,789</td>
</tr>
<tr>
<td>Total Members</td>
<td>42</td>
<td>86</td>
<td>148</td>
<td>270</td>
<td>413</td>
<td>430</td>
<td>439</td>
</tr>
<tr>
<td>Paid up share Capital</td>
<td>53</td>
<td>238</td>
<td>600</td>
<td>1,957</td>
<td>5,967</td>
<td>7,560</td>
<td>10,677</td>
</tr>
<tr>
<td>Of which Government</td>
<td>8</td>
<td>39</td>
<td>105</td>
<td>385</td>
<td>992</td>
<td>1,150</td>
<td>1,772</td>
</tr>
<tr>
<td>Owned funds</td>
<td>73</td>
<td>345</td>
<td>1,207</td>
<td>3,935</td>
<td>13,713</td>
<td>17,770</td>
<td>21,827</td>
</tr>
<tr>
<td>Deposits</td>
<td>76</td>
<td>315</td>
<td>1,939</td>
<td>11,048</td>
<td>63,757</td>
<td>74,462</td>
<td>83,334</td>
</tr>
<tr>
<td>Working Capital</td>
<td>326</td>
<td>1,490</td>
<td>5,210</td>
<td>24,713</td>
<td>108,301</td>
<td>134,441</td>
<td>149,697</td>
</tr>
<tr>
<td>Loans Advanced (Net)</td>
<td>95</td>
<td>348</td>
<td>1,116</td>
<td>6,300</td>
<td>27,602</td>
<td>43,392</td>
<td>58,724</td>
</tr>
<tr>
<td>Audit Classification of Societies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>3,110</td>
<td>3,600</td>
<td>3,671</td>
<td>4,966</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>B</td>
<td>10,921</td>
<td>12,343</td>
<td>11,670</td>
<td>13,581</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>C</td>
<td>7,515</td>
<td>16,122</td>
<td>18,854</td>
<td>17,058</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>D</td>
<td>3,088</td>
<td>3,886</td>
<td>3,477</td>
<td>862</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>Not Classified</td>
<td>291</td>
<td>865</td>
<td>774</td>
<td>4,006</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
</tbody>
</table>
### 1.18 - Co-operative thinkers in Maharashtra

It can well be said and with due pride that Maharashtra today tops the development of co-operative movement in the country. It has been a pioneer in many respects and is on the forefront.

The co-operative movement in the state has been fortunate enough in getting stalwarts like late Shri. VithaldasThackersay, HonbleShri. GopalkrishnaGhokhale, Shri. G.K. Deodhar, Shri. Vaikunth, L. Mehta, Dr. PanjabraoDeshmukh, Dr. D.R.Gadgil, Prof. D.G. Karve, Shri. BhausahenHiray, Shri. R.G. Saraiya, Shri. V.P. Varde, Padmashree Dr. VitthalraoVikhePatil and many others led the co-operative movement in the state. There were political leaders, social reformers, writers, thinkers, educationists, administrative movement in the state. In most of the other state co-operative movement was sponsored and boosted by officials, where’s Maharashtra can claim that the movement of the state has drawn its leadership from amongst the sons of soil. We can still claim that the same tradition is being maintained and that the local leadership is still playing vital role in the development of movement in the state.

### 1.19 Co-operative administration at central, State and local levels

Co-operative activity has an important place in the development of the country. It is an activity included in both the central and the state agenda usually. It is given a place at the ministry level along with industry and civil supplies.

#### 1.19.1 Co-operative administration at the central level

The central government had set up a small co-operation division in the ministry of food and agriculture in 1955. Co-operation division was upgraded to the full fielded department of co-operation in 1958. In January 1966, the work of this ministry was transferred to the ministry of food and agriculture. The name of the ministry was changed to the ministry of agriculture and co-operation on 21st May 1971. The ministry had 4 different departments. They were -

1. Department of Agriculture
2. Department of Food
3. Department of community
(4) Department of co-operation.

In August 1976 a separate ministry was again formed as the department of civil supplies and co-operation. Recently it has become a part of commerce and civil supplies department.

**Administration of the co-operative Department at the central level**

- The Minister (The political head)
  - Assisted by state minister and parliamentary secretaries

- Secretarial organization
  - (Administrative level)

- Executive organization of the department of co-operation

**1.19.2 Co-operative administration at the state level**

At the state level there is full-fledged ministry for co-operation with all the necessary functionaries and with all the necessary administrative set up. In practical sense co-operative administration starts from the level of the registrar of co-operative societies who is the head of the department of co-operation at the state level. In Maharashtra the co-operative societies are governed by Maharashtra co-operative societies act 1960. The registrar, co-operative societies are appointed by the Government of Maharashtra through the ministry of co-operation. The other officers are appointed by ministry.

The working of co-operative administration at the state level is shown in chart below.

**Co-operative Administrative at the State level**

- The Registrar

  - Additional Registrar (Functional)

    - Planning
    - Marketing
    - Consumers
    - Credit
    - Milk
1.19.3 Co-operative administration at local level

The lowest unit of administration is a village unit. Block unit is established by grouping village units. Various block units grouped together from a district and the 4 to 6 groups make a region or a division.

The following chart shows the co-operative administration at the district level.
In Maharashtra all the development departments of which co-operation is a part are under the administrative control of district planning officer. All administrative powers rest with district planning officers.

Chapter 2 : Review of Literature

2.1 Reports of committees, working groups and commission
2.2 Books on agriculture financing
2.3 Research Articles