CHAPTER – I

INTRODUCTION

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1.1 Meaning of Co-operation:-

The spirit of mutuality "I for you and you for me" is the essence of Co-operation.1 "Co-operation is not a dream picture of man" co-operation is surely an expression of finer self of man-working together for common good, feeling of equality with his fellows and a sense of sharing.2

Co-operation is the process of working or acting together. In its simplest form it involves things working in harmony, while in its more complex forms, it can involve something as complex as the inner workings of a human being or even the social pattern of a nation. It is the opposite of working separately in competition. Co-operation can also be accomplished by computers, which can handle shared resources simultaneously, while sharing processor time. Co-operation is the process by which the components of a system works together to achieve the global properties. In other words, individual components that appears to be “selfish” and independent work together to create a highly complex, greater-than-the-sum-of-its-parts system. Examples can be found all around us. The components in a cell work together to keep it living. Neurons create through and consciousness other cells work together and communicate to produce multicellular organisms. Organisms form food chains and ecosystems. People form of families, tribes, cities and nations. Atoms co-operate in a simple way, by combining to make up molecules. Understanding the mechanisms that create co-operating agents in a system is one of the most important and least well understood phenomena in nature, though there has not been a lack of effort. Individual action on behalf of a larger system may be coerced (forced), voluntary (freely chosen), or even unintentional, and consequently individuals and groups might act in concert even though they have almost nothing in common as regards interests or goals. Examples of that can be found in market trade, military wars, families, workplaces, schools and prisons, and more generally any institution or organization of which individuals are part (out of own choice, by law, or forced).
The spirit of co-operation and the co-operative principles are a part of the true Indian universal concept of "Vasudeva Kutumba". A co-operative is an autonomous association of persons who voluntarily co-operate for their mutual social, economic, and cultural benefit. Co-operatives include non-profit community organizations and businesses that are owned and managed by the people who use its services (consumer’s co-operative) and by the people who work there (worker's co-operative) or by the people who live there (housing co-operative).

1.2 History of the Co-operative:-

In the history of co-operative movement the origins and history of co-operatives are included. Although co-operative arrangements, such as mutual insurance (originated in England in the late 17th century to cover losses due to fire and the mutual/casualty insurance industry began in the United States in 1752), and principles of co-operation existed long before, the co-operative movement began with the application of co-operative principles to business organization.

1.2.1 Evolution of Co-operative:-

In 1958 the National Development Council (NDC) had recommended a national policy on co-operatives. Jawaharlal Nehru had a strong faith in the co-operative movement. While opening an international seminar on co-operative leadership in South-East Asia he had said “But my outlook at present is not the outlook of spreading the co-operative movement gradually, progressively, as it has done. My outlook is to convulse India with the co-operative movement or rather with co-operation to make it, broadly speaking, the basic activity of India, in every village as well as elsewhere; and finally, indeed, to make the co-operative approach the common thinking of India...Therefore, the whole future of India really depends on the success of this approach of ours to these vast numbers, hundreds of millions of people”. The co-operative sector has been playing a distinct and significant role in the country’s process of socio-economic development. There has been a substantial growth of this sector in diverse areas of the economy during the past few decades. The numbers of all types of co-
operatives are increased from 1.81 lakh in 1950-51 to 4.53 lakh in 1996-97. The total membership of co-operative societies increased from 1.55 crore to 20.45 crore during the same period. The co-operatives have been operating in various areas of the economy such as credit, production, processing, marketing, input distribution, housing, dairying and textiles. In some of the areas of their activities like dairying, urban banking and housing, sugar and handlooms, the co-operatives have achieved success to an extent but there are larger areas where they have not been so successful. The failure of co-operatives in the country is mainly attributable to: dormant membership and lack of active participation of members in the management of co-operatives. Mounting overdue in co-operative credit institution, lack of mobilization of internal resources and over-dependence on Government assistance, lack of professional management, bureaucratic control and interference in the management, political interference and over-politisation have proved harmful to their growth. Predominance of vested interests resulting in non-percolation of benefits to a common member, particularly to the class of persons for whom such co-operatives were basically formed, has also retarded the development of co-operatives. These are the areas which need to be attended to by evolving suitable legislative and policy support.  

1.2.2 Origin of Co-operative Movement in the World:-

The co-operative movement had been begin in Europe in the 19th century, primarily in Britain and France, although The Shore Porters Society claims to be one of the world’s first co-operatives, being established in Aberdeen, Scotland, UK in 1498. The industrial revolution and the increasing mechanization of the economy transformed society and threatened the livelihoods of many workers. The concurrent labour and social movements and the issues they had attempted to address describe the climate at the time.

The first documented consumer cooperative was founded in 1769, in a barely furnished cottage in Fenwick, East Ayrshire, Scotland, UK when local weavers manhandled a sack of oatmeal into John Walker’s whitewashed front room and began selling the contents at a discount, forming the Fenwick Weavers’ Society.
In the decades that followed, several co-operatives or co-operative societies formed including Lennox Town Friendly Victualling Society, founded in 1812. By 1830, there were several hundred co-operatives. Some were initially successful, but most co-operatives founded in the early 19th century had failed by 1840. However, Lockhurst Lane Industrial Co-operative Society (founded in 1832 and now Heart of England Co-operative Society), and Galashiels and Hawick Co-operative Societies (1839 or earlier, merged with The Co-operative Group) still trade today. It was not until 1844 when the Rochdale Society of Equitable Pioneers had established the ‘Rochdale Principles’ on which they ran their co-operative, that the basis for development and growth of the modern co-operative movement was established.

Robert Owen (1771–1858) is considered the father of the co-operative movement. A Welshman who made his fortune in the cotton trade, Owen believed in putting his workers in a good environment with access to education for themselves and their children. These ideas were put into effect successfully in the cotton mills of New Lanark, Scotland, UK. It was here that the first co-operative store was opened. Spurred on by the success of this, he had the idea of forming "villages of co-operation" where workers would drag themselves out of poverty by growing their own food, making their own clothes and ultimately becoming self-governing. He tried to form such communities in Orbiston in Scotland and in New Harmony, Indiana in the United States of America, but both communities failed.

Although Owen inspired the co-operative movement, others – such as Dr William King (1786–1865) took his ideas and made them more workable and practical. King believed in starting small, and realized that the working classes would need to set up co-operatives for themselves, so he saw his role as one of instruction. He founded a monthly periodical called The Co-operator, the first edition of which appeared on 1 May 1828. This gave a mixture of co-operative philosophy and practical advice about running a shop using co-operative principles. King advised people not to cut themselves off from society, but rather to form a society within a society, and to start with a shop because, "We must go to a shop every day to buy food and necessaries - why then should we not go to our own shop?" He proposed sensible rules, such as having a weekly account audit,
having 3 trustees, and not having meetings in pubs (to avoid the temptation of drinking profits).

The Rochdale Society of Equitable Pioneers was a group of 10 weavers and 20 others in Rochdale, England, that was formed in 1844. As the mechanization of the Industrial Revolution was forcing more and more skilled workers into poverty, these tradesmen decided to band together to open their own store selling food items they could not otherwise afford. With lessons from prior failed attempts at co-operation in mind, they designed the now famous Rochdale Principles, and over a period of four months they struggled to pool one pound sterling per person for a total of 28 pounds of capital. On December 21, 1844, they opened their store with a very meager selection of butter, sugar, flour, oatmeal and a few candles. Within three months, they expanded their selection to include tea and tobacco, and they were soon known for providing high quality, unadulterated goods.

The English CWS and Co-operative Group formed gradually over 140 years from the merger of many independent retail societies, and their wholesale societies and federations. In 1863, twenty years after the Rochdale Pioneers opened their co-operative, the North of England Co-operative Society was launched by 300 individual co-ops across Yorkshire and Lancashire. By 1872, it had become known as the Co-operative Wholesale Society (CWS). Through the 20th century, smaller societies merged with CWS, such as the Scottish Co-operative Wholesale Society (1973) and the South Suburban Co-operative Society (1984).

By the 1990s, CWS's share of the market had declined considerably and many came to doubt the viability of co-operative model. CWS sold its factories to Andrew Regan in 1994. Regan returned in 1997 with a £1.2 billion bid for CWS. There were allegations of "carpet-bagging" new members who joined simply to make money from the sale - and more seriously fraud and commercial leaks. After a lengthy battle, Regan's bid was seen off and two senior CWS executives were dismissed and imprisoned for fraud. Regan was cleared of charges. The episode recharged CWS and its membership base. Tony Blair's Co-operative Commission, chaired by John Monks, made major recommendations for the co-operative movement, including the organization and marketing of the retail societies. It was in this climate that, in 2000, CWS merged with the UK's second largest society, Co-
operative Retail Services headquarter complex is situated on the north side of Manchester city centre adjacent to the Manchester Victoria railway station. The complex is made up of many different buildings with two notable tower blocks of New Century House and the solar panel-clad CIS tower. Other independent societies are part owners of the Group. Representatives of the societies that part own the Group is elected to the Group’s national board. The Group manages The Co-operative brand and the Co-operative Retail Trading Group (CRTG), which sources and promotes goods for food stores. There is a similar purchasing group (CTTG) for co-operative travel agents.

1.2.3 Origin of Co-operative Movement in India:-

The history of co-operative movement in India is broadly divided into two phases. That means co-operative movement has been passed into two phases. They are-

a) Co-operative movement in pre-independence era.

b) Co-operative movement in post-independence era.

These two phases are briefly discussed below:

1.2.3.1 Co-operative Movement in Pre-independence Era:-

The pages of Indian history cite many evidences of co-operative activities from earliest times. However, the first recorded activity began in 1904 when this movement was officially set up by the British Government. Before that in the year 1892, Derrick Nicholson, tried to find out ways and means to establish institutions so as to help the agricultural sector. He gave the suggestions for setting of co-operative societies. Within that decade, India faced a terrible famine in 1899.

The Government appointed the Second Famine Commission 1901 to suggest measures for the victims. The commission recommended for a number of development activities and setting up of new institution. The most important among them was the strong recommendation for organization of co-operative societies. The Government had accepted many of the recommendations and in 1904 “Co-operative Societies Act” were passed. The aim was to help the rural farmers and artisans by providing short term and long term loans.
These credit societies were organized on the basis of two models, one for rural area and other for urban area. For the former these were organized on Reinfusion Model while for the latter it was Schulze Delitzsch Bank Model. Due to this Act a number of Co-operative Societies grew up in rural area, but they could not function effectively. The major defects were.

i) There was no provision for setting up of Non credit Co-operative Societies in rural area.

ii) No special Central agency was created for financing and supervising the activities of these societies.

iii) The division of the Credit Co-operative Societies into two types rural and urban stood as a barrier since no specific arrangements could be done for either due to the overlapping nature of such classification.

The year 1928 saw a worldwide economic depression. The prices of agricultural commodities fell down to a great extent and unemployment along with other economic crisis grew up. The creditors had no way to repay the loan. This brought many co-operative societies in to a standstill position.

In year 1933, the Reserve Bank of India was set up. The bank took some initiative to recognise the co-operative movement. It had a separate department for a co-operative credit. It helped to keep the movement alive which was gradually decaying.

In 1937, the popular Congress Government came to power in several states. The popular leaders took much more initiative in organising and extending this movement. But much progress could not do due to outbreak of Second World War. During this time, the ministry resigned. It was left in the hands of British Government again. But the war itself gave a boost to co-operative societies. The war brought a sudden increase in the prices of agricultural products and other food grains.

The rural farmer got extra economic gains. Non credit societies grew up. The working capital of co-operative societies also increased. The number of different credit and non credit co-operatives increased rapidly. The co-operative movement gathered momentum. The all India Co-operative planning Committee in 1945 also worked al lot in this direction.
1.2.3.2 Co-operative Movement in Post Independence Era:-

After independence for the first 3 years i.e. up to no significant development could be made. It was mainly due to the problem created by partition and absence of concrete programme for national re-organisation. However, the leaders of free India could the importance of co-operative movement for a successful democracy importance was given to strengthen co-operative structure of country and various provisions were made through different Five Year Plan.

The co-operative movement completed its 50 years dump the first plan. The Golden Jubilee was celebrated throughout the country with much excitement. This made the people feel the importance of such a movement. Attention was given to utilise the credit in productive activities.

The First Plan also recommended for training of personnel's and setting up of Co-operative Marketing Societies.

The Second Plan laid down proposals for extending co operative activity into various fields. It gave special emphasis on the warehousing co operatives at the State and Central level.

The Third Plan brought still new areas under Co operative societies. The co operative society for sugarcane, cotton, spinning, milk supply was proposed. Some concrete steps were taken to train the personnel's. The co operative training College at Pune and many regional centers were established to train the workers.

The Fourth Plan emphasized for consolidation of co operative system. The new programme for high yielding crops was started. Different credit societies were organized to serve these programmes.

The Fifth Plan made special provisions for improvement of Central Banks and no viable primary agricultural societies, re organizing marketing as well as consumer societies. It also recommended for establishment of Farmer’s Service Societies.

The Sixth Plan laid down a point programme for co-operative societies. It aimed at transforming the primary village societies to multipurpose societies.

i) To reconstruct the policies and of co-operative so that it can bring about economic development of people.
ii) To extend co-operative activities to the fields of food processing, poultry farming, dairy farming, fishery and many other related fields.

iii) To give necessary training and guidance for developing skilled and efficient personnel.

The Seventh Plan has also given more importance on the growth and expansion of co-operative societies to ensure public participation to achieve its main objective i.e. the movement towards social justice has to be faster and there must be a sharper focus on employment and poverty alleviation.

1.3 Co-operatives Today:

Co-operative communities are now widespread, with one of the largest and most successful examples being the Mondragón Co-operative in the Basque country of Spain. Co-operatives were also successful in Yugoslavia under Tito where workers' Councils gained a significant role in management.

In the UK, co-operatives formed the Co-operative Party in the early 20th century to represent members of co-ops in Parliament. The Co-operative Party now has a permanent electoral pact with the Labour Party, and some Labour MPs are Co-operative Party members. UK co-operatives retain a significant market share in food retail, insurance, banking, funeral services, and the travel industry in many parts of the country. Denmark has had a strong co-operative movement.

In Colorado, the Meadowlark co-operative administers the only private free land program in the United States, providing many services to its members who buy and sell together. In the United States there are over 29,000 co-operatives employing 2 million people with over $652 billion in annual revenue.
<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Share of Co-operatives</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Rural Network (Villages Covered):</td>
<td>98</td>
</tr>
<tr>
<td>2</td>
<td>Total Agricultural Credit Disbursed by Cooperatives</td>
<td>16.9</td>
</tr>
<tr>
<td>3</td>
<td>Short Term Agricultural Credit Disbursed by Cooperatives</td>
<td>20</td>
</tr>
<tr>
<td>4</td>
<td>Kisan Credit Cards Issued (43.66 Million up to 31st March, 2012 since inception)</td>
<td>38.3</td>
</tr>
<tr>
<td>5</td>
<td>Fertilizer Distributed</td>
<td>36</td>
</tr>
<tr>
<td>6</td>
<td>Fertilizer Production (4.598 Million MT for the year 2009-10)</td>
<td>28.3</td>
</tr>
<tr>
<td>7</td>
<td>Installed Capacity of Fertilizer Manufacturing Units (31.69 Lakh MT, N Nutrient, As on 31.03.2010)</td>
<td>26.3</td>
</tr>
<tr>
<td>8</td>
<td>Installed Capacity of Fertilizer Manufacturing Units (17.13 Lakh MT, P Nutrient, As on 31.03.2010)</td>
<td>30.3</td>
</tr>
<tr>
<td>9</td>
<td>Installed Number of Sugar Factories (324 as on 31.3.2012)</td>
<td>48.2</td>
</tr>
<tr>
<td>10</td>
<td>Sugar Produced (9.304 Million Tonnes as on 31.3.2012)</td>
<td>39.7</td>
</tr>
<tr>
<td>11</td>
<td>Capacity Utilization of Sugar Mills (As on 31.3.2012)</td>
<td>44.7</td>
</tr>
<tr>
<td>12</td>
<td>Wheat Procurement (9.440 Million Tonnes during 2012-13)</td>
<td>24.8</td>
</tr>
<tr>
<td>13</td>
<td>Paddy Procurement (5.518 Million Tonnes during 2011-12)</td>
<td>14.8</td>
</tr>
<tr>
<td>14</td>
<td>Retail Fair Price Shops (Rural + Urban)</td>
<td>20.3</td>
</tr>
<tr>
<td>15</td>
<td>Milk Procurement to Total Production</td>
<td>7.85</td>
</tr>
<tr>
<td>16</td>
<td>Milk Procurement to Marketable Surplus</td>
<td>16</td>
</tr>
<tr>
<td>17</td>
<td>Ice Cream Manufacture</td>
<td>45</td>
</tr>
<tr>
<td>18</td>
<td>Oil Marketed (branded)</td>
<td>49</td>
</tr>
<tr>
<td>19</td>
<td>Spindleedge in Cooperatives (3.636 Million - As on 31.3.2009)</td>
<td>9.83</td>
</tr>
<tr>
<td>20</td>
<td>Handlooms in Cooperatives</td>
<td>54</td>
</tr>
<tr>
<td>21</td>
<td>Fishermen in Cooperatives (active)</td>
<td>23</td>
</tr>
<tr>
<td>22</td>
<td>Rubber Procured and Marketed</td>
<td>18.5</td>
</tr>
<tr>
<td>23</td>
<td>Areca nut processed and marketed (3.65 lakh tonnes)</td>
<td>15</td>
</tr>
<tr>
<td>24</td>
<td>Salt Manufactured (18,266 Metric tonnes)</td>
<td>7.6</td>
</tr>
<tr>
<td>25</td>
<td>Direct Employment Generated</td>
<td>1.22 Million</td>
</tr>
<tr>
<td>26</td>
<td>Self-Employment Generated for persons</td>
<td>16.58 Million</td>
</tr>
</tbody>
</table>
Table No. 1.2
Indian Co-operative Movement at a Glance: 2009-2010

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Profile of Cooperative Sector</th>
<th>Value in Mill/ % /No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Number of Cooperatives (All Level):</td>
<td>6,10,020</td>
</tr>
<tr>
<td></td>
<td>Primary Agri. and Credit Cooperatives (All Types)</td>
<td>147991</td>
</tr>
<tr>
<td></td>
<td>Primary Non-Credit Cooperatives (All Types)</td>
<td>458068</td>
</tr>
<tr>
<td>2</td>
<td>Membership of Cooperatives (Grass root coops)</td>
<td>249.367</td>
</tr>
<tr>
<td></td>
<td>Membership of Primary Agri/Credit Cooperatives</td>
<td>181.15</td>
</tr>
<tr>
<td></td>
<td>Membership Primary Non-Credit Cooperatives</td>
<td>68.216</td>
</tr>
<tr>
<td>3</td>
<td>Share Capital (All Level &amp; All Types)</td>
<td>3,83,284.5</td>
</tr>
<tr>
<td></td>
<td>Share Capital of Primary Credit Cooperatives</td>
<td>192680.6</td>
</tr>
<tr>
<td></td>
<td>Share Capital of Primary Non-Credit Cooperatives</td>
<td>74,752.80</td>
</tr>
<tr>
<td></td>
<td>Govt. Participation in Primary Credit Cooperatives</td>
<td>4.34%</td>
</tr>
<tr>
<td>4</td>
<td>Working Capital (Credit +Non Credit)</td>
<td>72,95,765.7</td>
</tr>
<tr>
<td></td>
<td>Reserves</td>
<td>7,48,934.1</td>
</tr>
<tr>
<td></td>
<td>Deposits</td>
<td>47,40,588.6</td>
</tr>
<tr>
<td></td>
<td>Villages Covered by Co-operatives</td>
<td>98%</td>
</tr>
<tr>
<td></td>
<td>National Level Co-operative Federations</td>
<td>19+2 (Defunct)</td>
</tr>
<tr>
<td></td>
<td>State Level Co-operative Federations</td>
<td>390</td>
</tr>
<tr>
<td></td>
<td>District Level Co-operative Federations</td>
<td>3,571</td>
</tr>
</tbody>
</table>

1.4 Co-operative Structural and Philosophical Premise:-

The roots of the co-operative movement can be traced to multiple influences and extend worldwide. In the Anglo sphere, post-feudal forms of cooperation between workers and owners, that are expressed today as "profit-sharing" and "surplus sharing" arrangements, existed as far back as 1795. The key ideological influence on the Anglo sphere branch of the co-operative
movement, however, was a rejection of the charity principles that underpinned welfare reforms when the British government radically revised its Poor Laws in 1834. As both state and church institutions began to routinely distinguish between the 'deserving' and 'undeserving' poor, a movement of friendly societies grew throughout the British Empire based on the principle of mutuality, committed to self-help in the welfare of working people.

Friendly Societies established forums through which one member; one vote was practiced in organisation decision-making. The principles challenged the idea that a person should be an owner of property before being granted a political voice. Throughout the second half of the nineteenth century (and then repeatedly every 20 years or so) there has been a surge in the number of co-operative organisations, both in commercial practice and civil society, operating to advance democracy and universal suffrage as a political principle. Friendly Societies and consumer co-operatives became the dominant form of organization amongst working people in Anglo sphere industrial societies prior to the rise of trade unions and industrial factories. Weinbren reports that by the end of the 19th century, over 80% of British working age men and 90% of Australian working age men were members of one or more Friendly Society. From the mid-nineteenth century, mutual organisations embraced these ideas in economic enterprises, firstly amongst trades people, and later in cooperative stores, educational institutes, financial institutions and industrial enterprises. The common thread (enacted in different ways, and subject to the constraints of various systems of national law) is the principle that an enterprise or association should be owned and controlled by the people it serves, and share any surpluses on the basis of each members' co-operative contribution (as a producer, laborer or consumer) rather than their capacity to invest financial capital.

The cooperative movement has been fueled globally by ideas of economic democracy. Economic democracy is a socioeconomic philosophy that suggests an expansion of decision-making power from a small minority of corporate shareholders to a larger majority of public stakeholders. There are many different approaches to thinking about and building economic democracy. Both Marxism and anarchism, for example, have been influenced by utopian socialism, which was based on voluntary co-operation, without recognition of class conflict. Anarchists
are committed to libertarian socialism and they have focused on local organization, including locally managed co-operatives, linked through confederations of unions, co-operatives and communities. Marxists, who as socialists have likewise held and worked for the goal of democratizing productive and reproductive relationships, often placed a greater strategic emphasis on confronting the larger scales of human organization. As they viewed the capitalist class to be politically, militarily and culturally mobilized for the purpose of maintaining an exploitable working class, they fought in the early 20th century to appropriate from the capitalist class the society's collective political capacity in the form of the state, either through democratic socialism, or through what came to be known as Leninism. Though they regard the state as an unnecessarily oppressive institution, Marxists considered appropriating national and international-scale capitalist institutions and resources (such as the state) to be an important first pillar in creating conditions favorable to solidarity economies.  

With the declining influence of the USSR after the 1960s, socialist strategies pluralized, though economic democratizes have not as yet established a fundamental challenge to the hegemony of global neoliberal capitalism.

### 1.5 Co-operatives as legal Entities:

The Maharashtra Co-operative Societies Act 1960[Maharashtra Act No. XXIV OF 1961] is an Act to consolidate and amend the law relating to co-operative societies in the State of Maharashtra. WHEREAS, with a view to providing for the orderly development of the co-operative movement in the State of Maharashtra in accordance with the relevant directive principles of State policy enunciated in the Constitution of India, it is expedient to consolidate and amend the law relating to co-operative societies in that State. It extends to the whole of the State of Maharashtra. The rules governing co-operatives in Maharashtra are Maharashtra Co-operative Societies Rules 1961 and The Multi-State Co-operative Societies Rules 2002. It also extends to the whole of the State of Maharashtra.

A co-operative is a legal entity owned and democratically controlled by its members. Members often have a close association with the enterprise as producers or consumers of its products or services, or as its employees.
1.6 Co-operative Principles:-

Co-operatives around the world generally operate according to the same core principles and values, adopted by the International Co-operative Alliance in 1995. Co-operatives trace the roots of these principles to the first modern co-operative founded in Rochdale, England in 1844.

i) Voluntary and Open Membership:-

Cooperatives are voluntary organizations, open to all people able to use its services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

ii) Democratic Member Control:-

Co-operatives are democratic organizations controlled by their members—those who buy the goods or use the services of the co-operative—who actively participate in setting policies and making decisions.

iii) Members' Economic Participation:-

Members contribute equally to, and democratically control, the capital of the co-operative. This benefits members in proportion to the business they conduct with the co-operative rather than on the capital invested.

iv) Autonomy and Independence:-

Co-operatives are autonomous, self-help organizations controlled by their members. If the co-op enters into agreements with other organizations or raises capital from external sources, it is done so based on terms that ensure democratic control by the members and maintains the co-operatives autonomy.

v) Education, Training and Information:-

Co-operatives provide education and training for members, elected representatives, managers and employee so they can contribute effectively to the development of their co-operative. Members also inform the general public about the nature and benefits of co-operatives.

vi) Co-operation among Cooperatives:-

Co-operatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.
vii) **Concern for Community:**

While focusing on member needs, co-operatives work for the sustainable development of communities through policies and programs accepted by the members.  

Co-ops can sometimes be identified on the Internet through the use of the .coop suffix of internet addresses. Organizations using .coop domain names must adhere to the basic co-op values. The United Nations has declared 2012 to be the International Year of Cooperatives (IYC).

1.7 **Forms of Co-operative:**

The forms of co-operatives that exist in various countries world over are as follows.

i) **Retailers' Co-operative:**

A retailers' co-operative (known as a secondary or marketing co-operative in some countries) is an organization which employs economies of scale on behalf of its members to receive discounts from manufacturers and to pool marketing. It is common for locally owned grocery stores, hardware stores and pharmacies. In this case the members of the co-operative are businesses rather than individuals.

ii) **Worker Co-operative:**

A worker co-operative or producer co-operative is a co-operative that is owned and democratically controlled by its "worker-owners". There are no outside owners in a "pure" workers' co-operative, only the workers own shares of the business, though hybrid forms exist in which consumers, community members or capitalist investors also own some shares. In practice, control by worker-owners may be exercised through individual, collective or majority ownership by the workforce, or the retention of individual, collective or majority voting rights (exercised on a one-member one-vote basis). A worker cooperative, therefore, has the characteristic that the majority of its workforce owns shares, and the majority of shares are owned by the workforce. Membership is not always compulsory for employees, but generally only employees can become members either directly (as shareholders) or indirectly through membership of a trust that owns the company. The impact of political ideology on practice constrains the
development of co-operatives in different countries. In India, there is a form of workers’ co-operative which insists on compulsory membership for all employees and compulsory employment for all members. That is the form of the Indian Coffee Houses. This system was advocated by the Indian communist leader A. K. Gopalan. In places like the UK, common ownership (indivisible collective ownership) was popular in the 1970s. Co-operative Societies only became legal in Britain after the passing of Slaney’s Act in 1852. In 1865 there were 651 registered societies with a total membership of well over 200,000. There are now more than 400 worker co-operatives in the UK, Suma Whole foods being the largest example with a turnover of £24 million.

Spanish law permits owner-members to register as self-employed enabling worker-owners to establish regulatory regimes that support co-operative working, but which differs considerably from co-operatives that are subject to Anglo-American systems of law that require the co-operative (employer) to view (and treat) its worker-members as salaried workers (employees). The implications of this are far-reaching, as this requires cooperatives to establish authority driven statutory disciplinary and grievance procedures (rather than democratic mediation schemes), impacting on the ability of leaders to enact democratic forms of management and counter the authority structures embedded in the dominant system of private enterprise centered around the entrepreneur.

**iii) Volunteer co-operative:**

A volunteer cooperative is a cooperative that is run by and for a network of volunteers, for the benefit of a defined membership or the general public, to achieve some goal. Depending on the structure, it may be a collective or mutual organization, which is operated according to the principles of cooperative governance. The most basic form of volunteer-run cooperative is a voluntary association. A lodge or social club may be organized on this basis. A volunteer-run co-op is distinguished from a worker cooperative in that the latter is by definition employee-owned, whereas the volunteer cooperative is typically a non-stock corporation, volunteer-run consumer co-op or service organization, in which workers and beneficiaries jointly participate in management decisions and receive discounts on the basis of sweat equity.
iv) Social Co-operative:-

A particularly successful form of multi-stakeholder co-operative is the Italian "social co-operative", of which some 7,000 exist. "Type A" social co-operatives bring together providers and beneficiaries of a social service as members. "Type B" social co-operatives bring together permanent workers and previously unemployed people who wish to integrate into the labour market. They are legally defined as follows:

- No more than 80% of profits may be distributed, interest is limited to the bond rate and dissolution is altruistic (assets may not be distributed)
- The co-operative has legal personality and limited liability
- The objective is the general benefit of the community and the social integration of citizens
- Those of type B integrate disadvantaged people into the labour market. The categories of disadvantage they target may include physical and mental disability, drug and alcohol addiction, developmental disorders and problems with the law. They do not include other factors of disadvantage such as unemployment, race, sexual orientation or abuse.
- Type A co-operatives provide health, social or educational services various categories of stakeholder may become members, including paid employees, beneficiaries, volunteers (up to 50% of members), financial investors and public institutions. In type B cooperatives at least 30% of the members must be from the disadvantaged target groups voting is one person one vote

A good estimate of the current size of the social co-operative sector in Italy is given by updating the official Istituto Nazionale di Statistica (Istat) figures from the end of 2001 by an annual growth rate of 10% (assumed by the Direzione Generale per gli Ente Co-operative). This gives totals of 7,100 social cooperatives, with 267,000 members, 223,000 paid employees, 31,000 volunteers and 24,000 disadvantaged people undergoing integration. Combined turnover is around 5 billion euro. The co-operatives break into three types: 59% type A (social and health services), 33% type B (work integration) and 8% mixed. The average size is 30 workers.
v) Consumers' Co-operative:-

A consumers' co-operative is a business owned by its customers. Employees can also generally become members. Members vote on major decisions and elect the board of directors from amongst their own number. The first of these was set up in 1844 in the North-West of England by 28 weavers who wanted to sell food at a lower price than the local shops. A well known example in the United States is the REI (Recreational Equipment Incorporated) co-op, and in Canada: Mountain Equipment Co-op. With its 4,14,383 employees, 77,36,210 members and a turnover of €50Bn per year growing at a steady rate of 4.41%, Legacoop of Italy is arguably the world's biggest federation of cooperatives. The world's largest consumers' co-operative is the Co-operative Group in the United Kingdom, which offers a variety of retail and financial services. The UK also has a number of autonomous consumers' co-operative societies, such as the East of England Co-operative Society and Midcounties Co-operative. In fact, the Co-operative Group is something of a hybrid, having both corporate members (mostly other consumers' co-operatives, as a result of its origins as a wholesale society), and individual retail consumer members.

Japan has a very large and well-developed consumer co-operative movement with over 14 million members; retail co-ops alone had a combined turnover of 2.519 trillion Yen (21.184 billion US dollars [market exchange rates as of 15 November 2005]) in 2003/4.

Migros is the largest supermarket chain in Switzerland and has around 2 million of the country's 7.2 million population as members. Switzerland's second-biggest supermarket chain, Coop is also a co-operative. In 2001, it merged with 11 co-operative federations which had been its main suppliers for over 100 years. As of 2005, Co-op operates 1,437 shops and employs almost 45,000 people. According to Bio Suisse, the Swiss organic producers' association, Coop accounts for half of all the organic food sold in Switzerland. Euro Coop is the European Community of Consumer Cooperatives.
vi) Business and employment Co-operative:-

Business and employment co-operatives (BECs) are a subset of worker co-operatives that represent a new approach to providing support to the creation of new businesses.

Like other business creation support schemes, BECs enable budding entrepreneurs to experiment with their business idea while benefiting from a secure income. The innovation BECs introduce is that once the business is established the entrepreneur is not forced to leave and set up independently, but can stay and become a full member of the co-operative. The micro-enterprises then combine to form one multi-activity enterprise whose members provide a mutually supportive environment for each other.

BECs thus provide budding business people with an easy transition from inactivity to self-employment, but in a collective framework. They open up new horizons for people who have ambition but who lack the skills or confidence needed to set off entirely on their own – or who simply want to carry on an independent economic activity but within a supportive group context.

vii) New Generation Co-operative:

New generation co-operatives (NGCs) are an adaptation of traditional co-operative structures to modern, capital intensive industries. They are sometimes described as a hybrid between traditional co-ops and limited liability companies. They were first developed in California and spread and flourished in the US Mid-West in the 1990s. They are now common in Canada where they operate primarily in agriculture and food services, where their primary purpose is to add value to primary products. For example producing ethanol from corn, pasta from durum wheat, or gourmet cheese from goat’s milk.

1.8 Types of Co-operatives:-

The types of co-operatives that exist in various countries world over are as follows:
i) Housing Co-operative:-

A housing co-operative is a legal mechanism for ownership of housing where residents either own shares (share capital co-op) reflecting their equity in the co-operatives real estate, or have membership and occupancy rights in a not-for-profit co-operative (non-share capital co-op), and they underwrite their housing through paying subscriptions or rent. Co-op City in New York is the largest cooperative housing development in the world with 55,000 people.44

Housing co-operatives come in three basic equity structures:

• In market-rate housing co-operatives, members may sell their shares in the co-operative whenever they like for whatever price the market will bear, much like any other residential property. Market-rate co-ops are very common in New York City.

• Limited equity housing co-operatives, which are often used by affordable housing developers, allow members to own some equity in their home, but limit the sale price of their membership share to that which they paid.

• Group equity or zero-equity housing co-operatives do not allow members to own equity in their residences and often have rental agreements well below market rates.

ii) Building Co-operative:

Members of a building co-operative (in Britain known as a self-build housing co-operative) pool resources to build housing, normally using a high proportion of their own labour. When the building is finished, each member is the sole owner of a homestead, and the co-operative may be dissolved.

This collective effort was at the origin of many of Britain's building societies, which however, developed into "permanent" mutual savings and loan organisations, a term which persisted in some of their names (such as the former Leeds Permanent). Nowadays such self-building may be financed using a step-by-step mortgage which is released in stages as the building is completed. The term may also refer to worker co-operatives in the building trade.

iii) Utility Co-operative:-

A utility co-operative is a type of consumers' co-operative that is tasked with the delivery of a public utility such as electricity, water or
telecommunications services to its members. Profits are either reinvested into infrastructure or distributed to members in the form of "patronage" or "capital credits", which are essentially dividends paid on a member's investment into the co-operative. In the United States, many co-operatives were formed to provide rural electrical and telephone service as part of the New Deal. In the case of electricity, co-operatives are generally either generation and transmission (G&T) co-ops that create and send power via the transmission grid or local distribution co-ops that gather electricity from a variety of sources and send it along to homes and businesses.\textsuperscript{45}

In Tanzania, it has been proven that the co-operative method is helpful in water distribution. When the people are involved with their own water, they care more because the quality of their work has a direct effect on the quality of their water.\textsuperscript{46}

iv) Agricultural Co-operative:-

Agricultural co-operatives or farmers' co-operatives are co-operatives where farmers pool their resources for mutual economic benefit. Agricultural co-operatives are broadly divided into agricultural service co-operatives, which provide various services to their individual farming members, and agricultural production co-operatives, where production resources such as land or machinery are pooled and members farm jointly.\textsuperscript{47} Agricultural production co-operatives are relatively rare in the world, and known examples are limited to collective farms in former socialist countries and the kibbutzim in Israel.

Agricultural supply co-operatives aggregate purchases, storage, and distribution of farm inputs for their members. By taking advantage of volume discounts and utilizing other economies of scale, supply co-operatives bring down members' costs. Supply co-operatives may provide seeds, fertilizers, chemicals, fuel, and farm machinery. Some supply co-operatives also operate machinery pools that provide mechanical field services (e.g., plowing, harvesting) to their members.

Agricultural marketing co-operatives provide the services involved in moving a product from the point of production to the point of consumption. Agricultural marketing includes a series of inter-connected activities involving
planning production, growing and harvesting, grading, packing, transport, storage, food processing, distribution and sale. Agricultural marketing co-operatives are often formed to promote specific commodities. Commercially successful co-operatives include India’s Amul (dairy products) and Malaysia’s FELDA (palm oil).

v) Credit Unions and Co-operative Banking:

Credit unions are co-operative financial institutions that are owned and controlled by their members. Credit unions provide the same financial services as banks but are considered not-for-profit organizations and adhere to co-operative principles.

Credit unions originated in mid-19th century Germany through the efforts of pioneers Franz Hermann Schulze-Delitzsch and Friedrich Wilhelm Raiffeisen. The concept of financial co-operatives crossed the Atlantic at the turn of the 20th century, when the caisse popular movement was started by Alphonse Desjardins in Quebec, Canada. In 1900, from his home in Lévis, he opened North America’s first credit union, marking the beginning of the Movement Desjardins48. Eight years later, Desjardins provided guidance for the first credit union in the United States,49 where there are now about 7,950 active status federally insured credit unions, with almost 90 million members and more than $679 billion on deposit.50

While they have not taken root so deeply as in Ireland, credit unions are also established in the UK. The largest are work-based, but many are now offering services in the wider community. The Association of British Credit Unions Ltd (ABCUL) represents the majority of British Credit Unions. British Building Societies developed into general-purpose savings & banking institutions with "one member, one vote" ownership and can be seen as a form of financial co-operative (although nine 'de-mutualised' into conventionally owned banks in the 1980s & 1990s). The UK Co-operative Group includes both an insurance provider CIS and the Co-operative Bank, both noted for promoting ethical investment.

Co-operative banking networks, which were nationalized in Eastern Europe, work now as real co-operative institutions. A remarkable development has taken place in Poland, where the SKOK (Spółdzielcze Kasy Oszczędnościowo-Kredytowe) network has grown to serve over 1 million members via 13,000 branches, and is larger than the country’s largest conventional bank.
In Scandinavia, there is a clear distinction between mutual savings of banks (Sparbank) and true credit unions (Andelsbank).

The oldest co-operative banks in Europe, based on the ideas of Friedrich Raiffeisen, are joined together in the 'Urgenossen'.

The term Urban Co-operative Banks (UCBs), though not formally defined, refers to primary co-operative banks located in urban and semi-urban areas. These banks, till 1996, were allowed to lend money only for non-agricultural purposes. This distinction does not hold today. These banks were traditionally centered around communities, localities work place groups. They essentially lent to small borrowers and businesses. Today, their scope of operations has widened considerably.\(^5\)

vi) Federal or Secondary Co-operatives / Co-operative Federation:

In some cases, co-operative societies find it advantageous to form co-operative federations in which all of the members are themselves co-operatives. Historically, these have predominantly come in the form of co-operative wholesale societies, and co-operative unions.\(^5\) Co-operative federations are a means through which co-operative societies can fulfill the sixth Rochdale Principle, co-operation among co-operatives, with the ICA noting that "Cooperatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures."\(^5\)

The Co-operative Federations includes

i) Co-operative wholesale society- According to co-operative economist Charles Gide, the aim of a co-operative wholesale society is to arrange “bulk purchases, and, if possible, organize production.” The best historical examples of this were the English CWS and the Scottish CWS, which were the forerunners to the modern Co-operative Group.

ii) Co-operative union- A second common form of co-operative federation is a co-operative union, whose objective (according to Gide) is “to develop the spirit of solidarity among societies and... in a word, to exercise the functions of a government whose authority, it is needless to say, is purely moral.” Co-operatives UK and the International Co-operative Alliance are examples of such arrangements.
1.9.1 Types of Co-operatives in India:-

Co-operative societies may be classified into different categories based on the objectives, purposes and nature of activities performed by them. When some co-operative units are formed for achievement of specific economic objectives, others are formed either with the purpose of social upliftment of the members or to help consumers, small farmers or small producers. Based on that the main type of co-operative societies are:

i) Consumers' Co-operatives:

These societies are formed by the members with an objective to provide goods and services at the cheaper rate by eliminating middlemen commission by establishing direct relationship with the manufactures or wholesalers. They purchase bulk goods and services directly from the manufacturers or wholesalers and sell those among the members in small lots. The profits which usually wholesalers or retailers avail are passed on by the societies to the members in form of cheaper rate and balance as dividend. The main advantages of this type of societies are that members of this society enjoy the steady supply of goods and services at reasonable price without compromising the quality.

ii) Producers' Co-operatives:

These types of co-operative societies are formed to assist the manufacturers/industrial units in (i) setting up units (ii) producing goods and services, as well as (iii) marketing their products. It assists the members in procuring the plants and machineries, raw materials and other necessary factors of production so also taking the responsibility of marketing those products too. Thus, the members of societies are left with only producing the goods and services. Small producers are mainly benefitted out of this process and they concentrate only on production side.

iii) Marketing Co-operatives:

Such co-operatives are established with a view to carrying on the marketing job of producers directly by eliminating middlemen's profit. It is rather an association of similar type of producers to market their products. It purchases all the products produced by the small manufacturers in small lot, store the same
in their warehouses and market them when the market is favorable or at proper places where there is demand for the same.

**iv) Housing Co-operatives:-**

Housing co-operative societies are those voluntary associations of members who come to the rescue of needy people in getting their dream of having own house fulfilled. These societies have been engaged in acquiring the land from general public, develop them, construct houses as per the choice of the members and then transfer the said houses in favour of the members. In consideration to that members pays the due price for the house may be on easy installment basis spread over as long years. Co-operative societies at times arrange finance/loans for the members from different financial institutions to bear the cost of the house. Some societies also sales plots to their members for construction of house at their level.

**v) Credit Co-operatives:-**

Credit cooperative societies are formed for providing finance to the poor farmer and needy members of the society at lower rate of interest. The society collects funds from its members in form of share capital as well as accepts deposits from general public. It also avails loans from state co-operative banks. The fund so collected are used in providing loans to the needy people, generally to the members as loans and advances on easy terms and conditions. These processes of financing people save them from exploitation by the money lenders who usually charges high rate of interest and stiff terms and conditions.

Credit co-operative societies are two types. Agriculture credit co-operatives and Non- agriculture credit cooperatives. An agricultural credit co-operative society extends credit to the rural people both for productive and non-productive purposes. Non-agricultural societies are meant for urban masses and meet their short-term financial requirement.

**vi) Co-operative Farming Societies:-**

In order to achieve higher rate of return from economies of scales, small farmers and marginal farmers of a particular area may join their hands, form a co-operative society and go for mass farming instead individual farming. They contribute capital, land and labour and jointly go for any farm activity. This
becomes beneficial to the members in many ways like - (i) Mass production, (ii) Maximum output, (iii) application of advanced technologies, fertilisers and manuals, (iv) Pooled resources, land, labour and others, (v) proper irrigation, (vi) no shortage of capital to meet day-to-day expenses etc.

**Part of Co-operative Farming Societies:**

a) **Co-operative Better Farming Societies:**

These societies are started to improve the methods of farming among the members. They arrange the machineries, seeds, fertilisers for the farmers. Farmers get higher output by utilising the same. The members in turn, pay some charges for this service rendered by the society. Thus, both the members as well as the societies are benefitted by that.

b) **Co-operative Joint Farming Societies:**

In this type of society, the lands of the individual members are taken by the society, but the ownership remains at the members. The members are allowed to spare their labour in consideration to wages for doing work on the land. The outputs are sold by the society and any profits realised are distributed among the members in the ratio of their land values.

c) **Tenant & Joint Farming Societies:**

This type of farming society takes the land on leasehold or freehold basis. The land is distributed among the members and they cultivate those lands and grow agricultural products. The members pay the rent for the utilisation of the land. Landless labourers having manpower strength are more benefitted by this type of societies. In joint farming ownership lies with the society. Whatever products are produced belong to the society. But in tenant farming society members enjoy the output produced in the land owned by others and only pays certain amount of charges for cultivating the land of others.

d) **Collective Farming Societies:**

The land is owned by the society. Members work collectively on the land. The members are paid with the wages. Surplus of the society, if any, are distributed among the members in the ratio of their wages. It is different from joint farming society in terms of ownership of land.
1.10 Co-operative Political Movements:-

In some countries with a strong co-operative sector, such as the UK, co-operatives may find it advantageous to form political groupings to represent their interests. The British Co-operative Party, the Canadian Co-operative Commonwealth Federation and United Farmers of Alberta are prime examples of such arrangements.

The British co-operative movement formed the Co-operative Party in the early 20th century to represent members of consumers' co-operatives in Parliament, which was the first of its kind. The Co-operative Party now has a permanent electoral pact with the Labour Party meaning someone cannot be a member if they support a party other than Labour. An alternative grouping, the Conservative Co-operative Movement is open to people of all parties or none. UK co-operatives retain a significant market share in food retail, insurance, banking, funeral services, and the travel industry in many parts of the country.

India since the country's independence from Britain in 1947 has seen a huge growth in Co-operative societies serving mainly the farming sector. For example, most of the sugar production in India takes place at mills owned by local co-operative societies. The members of the society include all farmers, small and large, supplying sugarcane to the mill. Over the last fifty years, the local sugar mills have played a crucial part in encouraging political participation and as a stepping stone for aspiring politicians. This is particularly true in the state of Maharashtra where a large number of politicians belonging to the Congress party or NCP had ties to sugar co-operatives from their local area. Unfortunately, due to a policy of "profits for the company but losses to be borne by the government" has made a number of these operations inefficient. Co-operatives also play a great part in dairy marketing as well as banking. Co-operative banks in India serve both the rural and urban societies. Just like the Sugar companies, these institutions serve as the power base for local politicians.55

1.11 Jalna district:-

Jalna district is approximately situated at the centre part of Maharashtra state of Republic of India and in northern direction of Marathwada region. The Jalna district lies between 19o1 north to 21o3 North Latitudes and 75o4 East to
76o4 East Longitude. It covers an area of 7,612 Sq. Kms, which is 2.47% of the total state area. District boundaries are adjacent to Jalgaon at north, Parbhani & buldhana at east, beed at south and Aurangabad at west.

Jalna was formerly a part of Nizam State and after the Marathwada Mukti Sangram, became part of India, as a tahsil of Aurangabad district.

Jalna district erstwhile a part of Aurangabad district was formed on 1st May 1981 by carving out Jalna, Bhokardan, Jafarabad, Ambad tahlis of Aurangabad district and Partur tahsil of Parbhani district. The boundaries of Jalna district are adjacent to Parbhani & Buldhana on east, Aurangabad on west, Jalgaon on north and Beed on south. Jalna district covers an area of 7,612 Sq. Kms, which is 2.47% of the total state area.

The district head quarter is at Jalna & well connected to state capital and national capital by broad gauge railway line. Major towns of the state are also connected by state highways. Jalna district is well known for its hybrid seed industries, steel re-rolling mills, bidi industry & agro based industries like dal mill. The district is also known for the highest production of Sweet Lemon (Mosambi) in the state. The peoples of Jalna district played a important role in the Marathwada Mukti Sangram, in which Shri. Janardan Mama Nagapurkar of Jalna laid down his life for motherland.

The deposits insurance and credit guarantee corporation which is wholly owned subsidiary of Reserve Bank of India lists 517 Urban Co-operative Banks in Maharashtra out of which 6 Banks are in Jalna District. They are Jalna Merchants Co-operative Bank Ltd., Jalna Peoples Co-operative Bank Ltd., Samarth Sahakari Bank Ltd., Priyadarshani Nagari Sahakari Bank Ltd., Shree Gajanan Maharaj Urban Co-operative Bank Ltd., and Mantha Urban Co-operative Bank Ltd.

Jalna:-

The Jalna city is situated on the banks of Kundalika river, (at latitude 19o 50' 42" north and longitude 75o 56' 15" east) is the premier commercial centre of the Marathwada region. It is the headquarters of tahsil & district to which it gives its name and is well served by a network of good roads connecting it not only with the chief towns within the district, but also with centers of commercial importance.
outside the district. It has the additional advantage of being a railway station on the Manmad - Kacheguda route.

Tradition ascribes the foundation of the town as far back as the time of Rama, the hero of Ramayana, whose consort Sita is supposed to have resided here. The local still point out the place where Ramas palace stood. It was then known as Janakpur. Subsequently, as the desire of a wealthy Muhammedan merchant, who is said to have been a great benefactor of the place, the name was changed to Jalna, from his occupation of Julaha or weaver. Jalna is a municipal town and continues to be an impotent handloom and power loom weaving centre. Among the handloom societies working on co-operative basis, the foremost is the Markandeya Handloom weaving society having nearly 87 looms. Like Aurangabad and Paithan, the town was once known for the manufacture of fine gold and silver thread and silk textiles. There are also cotton ginning and pressing factories and an agricultural market produce committee handling large quantities of all kinds of agricultural produce, including cotton. In view of the overall industrial backwardness of the region, the state government has initiated a master plan to encourage the establishment of small and large-scale industrial units. Under this plan Maharashtra Industrial Development Corporation (MIDC) has set up an industrial area in Jalna consisting of large-scale, medium scale and Small scale industries. Jalna industrial area has a large number of steel rolling mills, a unit manufacturing ball bearings, agro based units like dal mills and most significant being large number of seed manufacturing units; Mahyco, Mahindra, Bejo-Shital seeds are some of them. The MIDC has recently announced to setup bio technology park (BT Park) at Jalna with the help of private sector units. This park will give a tremendous boost to the BT sector in the backward area of Marathwada.

Jalna being the headquarters of district, tahsil and industrial trade centre, has the offices of District Collector, Zilla Parishad, & Supt Of police besides District Court and various other govt. offices. It has a well equipped Civil Hospital. Besides Jalna town also has a missionary Hospital and a most modern Eye Hospital namely Ganapti Netralaya run by a private trust. Jalna has educational facilities up to the post graduate level, primary & secondary education being looked after by the Zilla Parishad. A large weekly market is held on Tuesday at which cattle are also bought and sold; in fact Jalna is one of the prominent cattle markets of the region. The
climate of Jalna is admirably suited for the cultivation of the fruit trees, and the fruit gardens yield a large variety of different kinds of fruits, including grapes of very fine and delicious quality. Jalna was surrounded by a mud and brick wall but it is all in ruins except two gates, known as the Murti Darwaza and the Hyderabad gate. Jamshed Khan, the governor during Malik Akbar's time constructed a fine Masjid and a sarai, also the Moti Talav, a large tank to the west of the town. A system of underground pipes conveyed water to reservoirs, in the town. The largest of which is in quadrangle of the sarai. The system is no longer in working order. When the city was at the height of its prosperity it had five tanks. Jalna now derives its water supply mainly from the Jaikwadi Dam and also Ghanevadi tank. During Akbar's time Jalna was held in as jagir by one of his generals, and Abul Fazl has made it his residence for a short period. Nizam-ul-Mulk Asaf Jah also favored the town as being healthier than Aurangabad and it was he who ordered Kabil Khan in 1725 to build the fort together with citadel situated to the east of the town and which is today known as Mastgad. The citadel is being used to accommodate the municipal offices. The fort is quadrangular in shape, with semi circular bastions at the corners. It is reported that the inner and the outer gates were constructed by Asaf Jah himself in 1711 and 1723, respectively. The citadel bears of Persian inscription recording the date when it was constructed. Within the citadel is a large well containing a series of galleries and chambers which are now filled up with rubbish. At the entrance to the well is a defaced inscription in Balbodh. Subsequently a part of Land revenue of Jalna was collected by the Marathas. The place has had frequent changes of masters. For a long time, it was held by one of the Shinde's dependents, but shortly after the battle of Udgir in 1760, a rival claimant from Pune endeavored to seize it. A sanguinary conflict took place which resulted into the discomfiture of the Pune sardar. It was taken possession of by Colonel Stevenson's Troops in 1803 in the famous battle of Assaye, a village in Jafrabad tahsil on the river of Juah located around 10 K.M east of Bhokardan. After the extinction of the Maratha power, it finally reverted to the Nizams of Hyderabad. In 1855 it was the scene of a conflict between the Rohilas and the Company's troops. After a stubborn conflict in which about 100 were killed or wounded on both sides, the Rohilas surrendered.
Jafrabad:-

Jafrabad, the headquarters of the tahsil of the same name, is situated at the confluence of the Khelna and the Purna rivers, in latitude 20° 11’35" north, and longitude 76°3’35" east. It is surrounded by a fortified stone wall, now in a very dilapidated state; but a small stone gadhi inside is in fair order. The place derived its name from its founder Jafar Khan, who held it along with 115 other villages in jagir from Aurangzeb, the Moghal Empeor. There are in all seven mosques and temples in Jaferabad. The principal mosque has a Persian inscription recording its construction under the orders of Aurangzeb by Rizazath Khan in 1076 Hijri (A.D.1664). Within the fortifications there is a large handsome water cistern with an inscription stating that it was built at the command of Shah Jahan by Mustafa Khan, the Turkoman in Hijri 1040 (A.D.1630). In connection with the principal temples of the village, large annual fairs are held at which all kinds of household utility goods are displayed for sale. Jafrabad has bi-weekly markets on Tuesdays and Fridays. There is a civil hospital, a post office, and a rest house. The village has educational facilities up to the Junior College stage. It is connected by a branch road with the Aurangabad-Jalgaon highway.

Ghansawangi:-

Ghansawangi is a Tahsil place in Jalna District. From the broken tanks and numerous dilapidated tombs which surround it, Ghansawangi appears to have been a place of much importance in the olden days. In the north-west is a large open plain where at one time it was contemplated to station the Hyderabad Subsidiary Force. An annual fair is held in honor of Narsimha. The village has a post office, educational facilities up to the middle school stage and a medical dispensary. Weekly market is held on Saturday. Wells are the source of drinking water.

Ambad:-

Ambad situated between a ridge of hills in 19°35’15" north latitude and 75°50’7" east longitude is the headquarters of the tahsil of the same name. It is along Jalna-Gevrai road the former place being the principal commercial centre in the Marathwada region. Ambad is a municipal town and Tahsil & it appears that once it enjoyed great prosperity, the marks of which are still seen in the decayed stone buildings and ruined walls and gateways. A local tradition ascribes the
foundation of the town to a Hindu Raja by name Amba Rishi who being weary of
the cares of running the Government went and settled in a cave in a hill to the east
of the town. This site is now occupied by a shrine dedicated to goddess
Matsyodari, so called because the hill resembles the shape of a fish (matsya). It is
believed to be one of the oldest temples in the region. A largely attended annual
fair is held at the temple in October. The town also contains a temple of Khandoba
and masonry Kund (tank), both of which were constructed by that pious and
philanthropic queen, Ahilyabai Holkar, about the end of the eighteenth century.
The structure to Khandoba has three temples joined together an arrangement
often found in the south, but rarely in the north, and capable of giving a greater
variety of effect of light and shade than is observed, in plainer forms. The shrine is
surrounded by a stone-wall and has a gallery all round. The entrance is
surmounted by a nagarkhana or chamber for temple-musicians. The courtyard
has an iron-pillar on either side, besides a figure of a lion standing on four small
elephants, with a fifth elephant in its mouth. Some finely sculptured images are
seen scattered about inside. The shrine is crowned by three large shikhars in a
line, with a small one at either end. They are built of bricks and are variously
ornamented. None of these *shikhars* are alike. The village has also a masonry
kund believed to have been built by Ahilyabai Holkar. It has fallen into ruins.

Among the cults prevailing in the region the one espoused by Swami Ramanand, a
devotee of Rama, claims a considerable following. Swami Ramanand, originally
from Gondi village near Ambad, made Ambad his abode and preached his
doctrines. Achhutashram Swami was his chief disciple. The memory of Ramanand
Swami is highly revered in and around Ambad.59

**Badnapur:-**

Badnapur is a Tahsil in Jalna District. It is situated on the right bank of the
Dudhna about ten miles west of Jalna. It is here that a meeting took place between
General Wellesley and Colonel Stevenson at which the plan of operations for
attacking the Marathas, two days before the battle of Assaye, was drawn up.
Amidst a grove of trees, a short distance to the north-east of the village, stands a
dargah to Mir Gulam Shah. Badnapur has a medical dispensary, a post office and a
rest house, besides the usual educational facilities. A weekly market is held on
Fridays. The village is accessible both by road and the railway. The Dudhna and wells are the sources of water supply.

**Bhokardan:**

Bhokardan is the principal town of the tahsil of the same name, settled along the right bank of the Khelna river, a tributary of the Purna in latitude 20°16’ north and longitude 75°46’56” east. It is situated on the road to Jafrabad which takes off from the Aurangabad-Jalgaon highway at Sillod. The town is also connected with Jalna the principal commercial centre of the Marathwada region. Tradition relates that a powerful king by name Bhomasur reigned here once and who maintained a large harem containing about 17,000 females. He had forcibly taken possession of these females from various parts of his territory. His subject’s appealed to Krishna to save them, upon which he assembled a large army and defeated and killed Bhomasur thus releasing the females. Bhagadnath, a son of Krishna, was raised to the throne and the capital place was named after him which subsequently corrupted into Bhokardan. In 1852 the Patel of a village named Javla enraged at the deprivation of his appointment collected a force of 300 Arabs and Rohilas and attacked Bhokardan, but was bought off. About seven years later he again attacked the town which was defended by the naib and was bought off a second time. The Rohilas were occasionally troublesome after this. They were finally subdued by a contingent force of 500 men and 2 guns sent from Aurangabad. Bhokardan is surrounded by a ruined wall. There is an inner citadel which served to house the offices of the tahsildar and other minor officials. The marks of its former prosperity are discernible in the solid masonry walls which have collapsed for the most part, while the bands of earth scattered round the town mark the sites of once beautiful fruit and vegetable gardens. The manufactures consist of coarse blankets or kambals coarse cloth and coarse brown sugar. A weekly market is held on every Saturday. The town has eight small temples and two mosques. Three fairs are held annually, the largest being the one held at the temple to Khandoba. About half a mile from the town on the left bank of the Khelna, are the ruins of a Mahanubhav temple. Below the temple there are some caves in the river bank but they are all blocked up with silt and rubbish. The town has the tahsildar’s office, a panchayat samiti or block development office and a police station.
Table No. 1.3
Jalna District at a Glance

<table>
<thead>
<tr>
<th></th>
<th>Area</th>
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<th>Geographical position</th>
<th>Weather</th>
<th>Average Rainfall</th>
<th>Population</th>
<th>Literacy</th>
<th>No. Of Talukas (8)</th>
<th>Sub-divisions (2)</th>
<th>Cities (4)</th>
<th>Villages</th>
<th>Panchyat Samities (8)</th>
<th>Municipal Councils (4)</th>
<th>Gram Panchayat</th>
<th>Police Stations</th>
<th>Police Chowki</th>
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<th>Education:</th>
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