CHAPTER III
CREATION OF COOPERATIVE ORGANISATIONS


C: Amendment of Bye-laws.

D: Delegation of Statutory Powers of the Registrar of Cooperative Societies to Panchayats.

E: Special Requirements for the promotion of selected types of societies: Urban Cooperative Credit Societies, Central Financing Agencies, Housing Societies, Cooperative Marketing Societies, Cooperative Farming Societies, Lift Irrigation Societies, Milk Producers' Societies.

F: Problems and difficulties experienced in the promotion of societies and suggested remedial measures: Overlapping of areas of operation, Opposition from vested interest, Rivalry of political parties, Organisational problems in backward areas and backward communities — other difficulties.

A: Agencies for the Creation of Cooperatives

Cooperation is essentially a people's movement. Its success should be judged by the extent to which people themselves
organise, regulate and control their own institutions to make them stand on their own legs. In foreign countries the movement was the outcome of people's own spontaneous association and the state appeared on the scene only at a later stage. In India, however, it was Government initiative and efforts that were responsible for its growth.

In the very early stages, the cooperatives in India had to depend too much on state aid and support. Government advanced money to societies and gave them a start. The Registrar and his staff carried on propaganda and organisational work of the societies. The non-official leadership necessary for running the movement without government support had for a long time, not developed. It is still not self-propelling in the sense it is in several other parts of the world. However, in addition to the Departmental officers other agencies also grew gradually. These included Honorary Organisers, and Federations of Cooperative Organisations like (a) Cooperative Board, (b) Banking Unions, (c) District Central Cooperative Banks, (d) Supervising Unions, (e) Milk Unions, (f) Marketing Unions.

(a) Departmental Officers: At the state level, the Registrar, the Joint-Registrars and the Deputy Registrars of cooperative societies do make efforts to organise apex level societies and

their federations. At the district level, the District Registrars, the Assistant District Registrars, the Cooperative Officers and the Assistant Cooperative Officers carry out the normal work of organising cooperatives. Also, the Extension Officers (Cooperation) at the Taluka level and the Village level Workers (Gramsevaks) do make the efforts to promote cooperative organisations in the State. In the Fourth Five Year Plan of the State definite targets are fixed for starting cooperatives. For instance, 10 processing societies other than sugar factories were to be organised during the year 1967-68; for 1968-69, the target was the organisation of 2 process societies. During 1967-68, it was expected that 2 departmental stores, 1 wholesale store, 2 University Stores and 10 primary stores would be started - during 1968-69 it was proposed to organise 2 wholesale stores of which one was to be in a university, and 70 primary stores - of which 10 were to be in colleges. For 1968-69, the target of organisation of cooperative Farming Societies was fixed at 30. In 1968-69 one solvent extraction plant was to be established in the cooperative sector.

The departmental staff, particularly Extension Officers (Cooperation) play vital role in the creation of new societies and to fulfil the targets laid down in the Plans. But, too much official sponsorship cannot be considered a healthy sign. It always dampens initiative in the people. Also, sometimes the officials, in their zeal to fulfil the targets, go too

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fast in organising new societies at the cost of the systematic functioning of the existing ones.

(b) Honorary Organisers: Prior to the Five Year Plans, the work of organisation was entrusted by the Government to non-official workers designated as honorary organisers. They were appointed by the Registrar of Cooperative Societies. They received from government only pocket expenses while on tour on duty. Their major task was to make preliminary inquiries, and explain the principles and working of cooperatives with a view to persuade and motivate groups of people to create cooperatives. This could scarcely be done during a casual visit and the organisers had to pay more than one visits before he could prepare the ground.

There were three categories of Honorary Organisers: (i) Divisional Organiser. (ii) District Organisers. (iii) Taluka Organisers. Their services were observed as early as in 1928-29 as most helpful at a small cost. However, for intensifying the activity on a regular and continuing basis, in the year 1948, the policy of appointing honorary organisers was discontinued. But in the Five Year Plans, the work of organising the societies has been entrusted to the care of the Extension Officers(Cooperation) of the Taluka Panchayat for the entire talukas under their jurisdiction and to the Village Level

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Workers (Gramsevaks) for their respective villages.

(c) Federation of Cooperative Organisations: There are different federations for different types of cooperatives. A federal society has to have at least five societies as its members and its functions are to promote, to assist, to supervise and control the management of new cooperatives under them. For reducing the degree of government control over cooperatives, it has been urged that sound and efficient federal agencies, wherever they exist, should be endowed with well-defined statutory powers. This will enable them to enjoy authority necessary to regulate promotional work and operations of primary societies in certain fields. Verily, if cooperation is to be a live and vigorous movement of the people, the authority for its guidance, supervision and control should be with federal agencies, responsible to and representative of the federating units. The responsiveness and efficiency of both will increase in consequence. The important federal agencies carrying out promotional work of cooperatives are the following:

Cooperative Boards: In Gujarat State, there are 17 District Cooperative Boards, one in each district, except in the Dangs and Gandhinagar. They create preliminary ground for promotion of new societies by organising training classes for secretaries, managing committees and members. Arrangements for study circles, group discussions, seminars, 'shibir's, prize-contests,

debates, essay competition, etc., are also made by the boards, so as to educate and motivate people to organise and develop cooperative activities.

**Banking Unions:** As a federal agency, the banking Unions help to promote new credit societies. They also guide, supervise and control the affairs of the credit cooperatives under them. Many banking unions were merged with the district central cooperative banks and hence in 1967-68, there were only two banking unions functioning each at Chikhli and Kodinar.

**Supervising Unions:** Prior to 1962, each district (except the Dangs) had a supervising union and district supervision committee to supervise and assist the promotion of cooperatives in the respective districts. These committees were adhoc bodies with powers of direction and control over supervisory staff in the district. Their main responsibility was to look to general improvement and development of cooperative movement both from business and cooperative aspects. Now the supervision work of societies has been given to the District Central Cooperative Banks.

**District Central Cooperative Banks:** There are 17 District Central Cooperative Banks. They are in close touch with agricultural credit societies, service societies and others. They help the promotion of new cooperatives by providing required information to the promoters and expert advice regarding the operations of the societies.

**Milk Unions:** They render help in organising Milk Producers'
Cooperative Societies at the village level. The latter are affiliated to the former for proper direction, guidance and technical advice and help for their business. In 1967-68, there were 10 milk unions functioning in the State, with 1,260 affiliated primary milk societies.

Marketing Unions: They provide facilities for the organisation and creation of new societies particularly, primary marketing societies. 25 marketing unions were functioning during the year 1967-68.

Motivational and persuasive measures form the backbone of such cooperative promotional effort. But, the success of any structure largely depends upon the foundation on which it is laid. The real strength of the foundation lies in the detailed and thorough preliminary inquiries made as to whether there exists a real need of a cooperative at a particular place in view, whether local conditions are favourable to its formation and whether the prospective members have assimilated the principles and philosophy of cooperation. Members should join a society with full faith in the great potentialities of the movement and not merely for getting subsidies and loans on easy terms. They must realise that the society is not a government concern but is their own institution for the success or failure of which they themselves are responsible. They must, therefore, be properly selected in the beginning of the formation of society.
2. Impact of Improper Selection of Members

Where there is the lack of initiative and interest of members, there may not be active support of the members to a society registered through direct or indirect pressure techniques of the official staff. Consequently, such societies remain dormant or inactive. In the year 1961-62, out of 8,607 Agricultural credit and non-agricultural societies 5.9% societies were dormant, 2.8% being dormant for 1 year and 3.1% for more than 1 year. Even though re-activisation steps were taken by the State Government, no improvement was observable in later years. (Vide: Table III.1). It is a pointer to the need for taking immediate steps to accelerate the programme of revitalisation of societies. In 1966-67 and 1967-68, 157 and 192 societies respectively, were revitalised which meant that about 1 society was revitalised per taluka which numbered 187 in the State. Each taluka has one Extension Officer (Cooperation) whose services can be best utilized for the purpose.

The percentage of active societies in different states for a few years are shown in Table III.2.

The Table III.2 shows that while a few states like Assam, Bihar, Madhya Pradesh, Orissa and Punjab had registered an ascent, Gujarat — considered to be a cooperatively leading State — had witnessed a steady downswing in the percentage of active societies from 91 to 82 during the four years. While the impact of new registrations on a large scale cannot be avoided and ensuring early commencement of business is the only
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total No. of Dormant Societies:</td>
<td>Year than 1 year</td>
<td>Year than 1 year</td>
<td>Year than 1 year</td>
<td>Year than 1 year</td>
</tr>
<tr>
<td>More societies</td>
<td>A. Agricultural Credit Societies:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Large sized</td>
<td>1013</td>
<td>28</td>
<td>16</td>
<td>956</td>
</tr>
<tr>
<td>ii) Small sized</td>
<td>3049</td>
<td>93</td>
<td>163</td>
<td>2464</td>
</tr>
<tr>
<td>iii) Service Societies</td>
<td>3666</td>
<td>93</td>
<td>55</td>
<td>5137</td>
</tr>
<tr>
<td>Total A</td>
<td>7728</td>
<td>214</td>
<td>234</td>
<td>8557</td>
</tr>
<tr>
<td>B. Non-Agricultural Credit Societies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Urban Banks &amp; Unions</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
<td>124</td>
</tr>
<tr>
<td>ii) Employees' Credit Societies</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
<td>785</td>
</tr>
<tr>
<td>iii) Others</td>
<td>-</td>
<td>-</td>
<td>185</td>
<td>23</td>
</tr>
<tr>
<td>Total B</td>
<td>879</td>
<td>25</td>
<td>31</td>
<td>1094</td>
</tr>
<tr>
<td>Total No. of Societies: A+B = Dormant societies as % of Total no. of societies</td>
<td>8607</td>
<td>504</td>
<td>9651</td>
<td>9651</td>
</tr>
</tbody>
</table>

5. Gujarat State: "Statistical statements relating to the Cooperative Movement for the year 1961-62" Table No.5(c.)
6. Ibid.,(For the year 1965-66); 7. Ibid., (For the year 1966-67); 8. Ibid., (For the year 1967-68).
Table III.29
Percentage of Active Societies in different States in India -
1963-64 to 1966-67

<table>
<thead>
<tr>
<th>State</th>
<th>1963-64</th>
<th>1964-65</th>
<th>1965-66</th>
<th>1966-67</th>
<th>Increase (+) or decrease (-) over the year 1963-64</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Andhra Pradesh</td>
<td>78</td>
<td>75</td>
<td>67</td>
<td>63</td>
<td>-</td>
</tr>
<tr>
<td>2. Assam</td>
<td>11</td>
<td>15</td>
<td>22</td>
<td>25</td>
<td>+</td>
</tr>
<tr>
<td>3. Bihar</td>
<td>77</td>
<td>60</td>
<td>92</td>
<td>92</td>
<td>+</td>
</tr>
<tr>
<td>4. Gujarat</td>
<td>91</td>
<td>89</td>
<td>85</td>
<td>82</td>
<td>-</td>
</tr>
<tr>
<td>5. Jammu Kashmir</td>
<td>63</td>
<td>63</td>
<td>49</td>
<td>42</td>
<td>-</td>
</tr>
<tr>
<td>6. Kerala</td>
<td>79</td>
<td>80</td>
<td>70</td>
<td>69</td>
<td>-</td>
</tr>
<tr>
<td>7. Madhya Pradesh</td>
<td>88</td>
<td>96</td>
<td>96</td>
<td>98</td>
<td>+</td>
</tr>
<tr>
<td>8. Madras</td>
<td>77</td>
<td>81</td>
<td>82</td>
<td>73</td>
<td>-</td>
</tr>
<tr>
<td>9. Maharashtra</td>
<td>97</td>
<td>97</td>
<td>89</td>
<td>96</td>
<td>-</td>
</tr>
<tr>
<td>10. Mysore</td>
<td>64</td>
<td>65</td>
<td>87</td>
<td>62</td>
<td>-</td>
</tr>
<tr>
<td>11. Orissa</td>
<td>53</td>
<td>65</td>
<td>66</td>
<td>71</td>
<td>+</td>
</tr>
<tr>
<td>12. Punjab</td>
<td>93</td>
<td>96</td>
<td>96</td>
<td>97</td>
<td>+</td>
</tr>
<tr>
<td>13. Rajasthan</td>
<td>39</td>
<td>38</td>
<td>40</td>
<td>34</td>
<td>-</td>
</tr>
<tr>
<td>14. Uttar Pradesh</td>
<td>94</td>
<td>89</td>
<td>84</td>
<td>73</td>
<td>-</td>
</tr>
<tr>
<td>15. W.Bengal</td>
<td>46</td>
<td>56</td>
<td>47</td>
<td>44</td>
<td>-</td>
</tr>
<tr>
<td>Average (All India)</td>
<td>79</td>
<td>77</td>
<td>79</td>
<td>74</td>
<td></td>
</tr>
</tbody>
</table>

Solution in their case, concentrated effort for the revitalisation of existing societies is needed for their activisation.

3. Criteria for revitalisation of societies

The following criteria for the revitalisation of primary agricultural credit societies may be adopted with advantage.

Categories of Societies: (a) Societies be those which hold out promise of developing into sound institutions and which have a turnover of Rs. 20,000 to Rs. 25,000 over a period of 3 years, (b) Societies ordinarily be from C and D classes and from the unclassified ones.

Societies which are having very heavy overdues and outside liabilities and are beyond the hope of revival should not be taken up. They should be liquidated. Also, good working societies having a turnover of Rs. 20,000 or more per year need not be selected for revitalisation.11

Membership: It should admit new members so as to cover about 40% and 60% of the population at the end of the second and the third year respectively and should reach a membership figure of at least 100 within that period.12

Share Capital: Each society should have a minimum of Rs. 500/- in the first year, which should double itself in 2 years, and should have a 20% increase thereafter. Every member should be required to contribute Rs. 10/- in the first year and Rs. 2/- thereafter.

Deposits: The increase in deposits should be ensured so that the average deposit per member should not be less than Rs. 15/-.


12. In case of backward and hilly areas, the targets for membership, share capital, deposits may be suitably modified with reference to local conditions.
Overdues: The overdues must be fully collected during the first three years and percentages may be fixed for each year to achieve this end.

Other Criteria: Each society should (a) have adopted --or, if not should adopt -- the bye-laws providing for service and supply functions, (b) issue of loans on the basis of production programmes, (c) undertake one ore more of the service and supply functions besides credit, (d) employ a trained and paid secretary, and (v) make efforts to ensure linking of credit with marketing.

B. Promotional Preliminaries

Every organisation has to go through certain preliminary procedure for its formation. The aims and objects of the cooperative organisations vary according to the nature of the business and/or the service to be undertaken by it. But the principles and philosophy of cooperation remain common to all. However, the rights and the liabilities of different societies differ according to their types. The classification of societies is given in Appendix III.a. The State gives certain special privileges and concessions to societies whose growth and development are very essential.

The creation of any society is a process with many steps. A group of persons must feel a need for organising themselves jointly for a purpose on a continuing basis. The realised felt need of a particular type of cooperative organisation suitable at one location or in a particular area may not be convenient
elsewhere. In a village it may be necessary and convenient to start an agricultural credit cooperative society or a service society or a farming society, while in a city or town, where there is acute shortage of houses, a housing society may be needed. The people, therefore, have initially to be motivated and made conscious of a felt need, so that they would like to undertake the organisation of a required type of cooperative society.

1. Selection of Members

Many a society has later come to grief as a result of neglect of this aspect. In selecting the members, due consideration should be given to the character, honesty and sobriety of the individual. An individual should not be refused membership simply because he is poor. No 'Seva Sahakri Mandli' (Service Cooperative Society) or Consumers' Society shall, without sufficient cause, refuse admission to membership to any person duly qualified therefor under the provisions of the Act and the bye-laws. Most of the societies were of the opinion that only persons having common interest should be admitted. (Vide: Table III.3)

Most of the societies prefer members having common interests and/or common occupations. But in the case of consumers' societies they do not prefer common occupation because a consumers' society is not concerned with the members' occupations but with the common need for the supply of household goods and articles. The selection of members will also depend on the specific objectives of a society, its operational level and area of
Table III.3

Number of Societies Believing in Admission of Members having Common Interests and Occupations

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Types of Societies</th>
<th>Total</th>
<th>No. of societies which preferred admitting members having Common Interests</th>
<th>No.</th>
<th>%</th>
<th>No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Multipurpose and service</td>
<td>30</td>
<td>23</td>
<td>76.6</td>
<td>17</td>
<td>56.6</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Industrial weavers and others</td>
<td>14</td>
<td>10</td>
<td>71.4</td>
<td>14</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Consumers' societies</td>
<td>4</td>
<td>4</td>
<td>100.0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Milk Producers' societies</td>
<td>4</td>
<td>4</td>
<td>100.0</td>
<td>4</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Farming societies</td>
<td>3</td>
<td>3</td>
<td>100.0</td>
<td>3</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Housing societies</td>
<td>3</td>
<td>2</td>
<td>100.0</td>
<td>1</td>
<td>33.3</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Ginning, pressing &amp; cotton sale societies</td>
<td>4</td>
<td>4</td>
<td>100.0</td>
<td>4</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>62</strong></td>
<td><strong>50</strong></td>
<td><strong>80.7</strong></td>
<td><strong>43</strong></td>
<td><strong>69.9</strong></td>
<td></td>
</tr>
</tbody>
</table>

For example, the chief object of a credit society is to free members from debts. If this object is to be achieved only such persons should be admitted to the society as have their debts within reasonable bounds and have the desire to exercise thrift.

Much weight is also to be attached to the moral aspect of the cooperative movement. Persons addicted to vices like

18. The data presented in Table III.3 were collected in 1965-66 from the societies, having the following numbers as given in Appendix III.b:- A. 1 to 30; B. 31 to 34; D. 41 to 44; E. 45 to 48; F. 49 to 51; G. 52 to 55; H. 66 and 67.
drinking or with factitious mentality should not be permitted to join. In some cases it happens that persons doing money lending business locally seek admission to the societies for serving and protecting their vested interest. They may either try to influence the grants of loans in favour of their clients for getting their bad debts recouped or receive loans at cheaper rate from the societies and lend them at higher rates to their clients. It would be wise from the very beginning to avoid such persons who may even try surreptitiously to sabotage.

Different principles govern different types of societies in regard to selection and admission of members. Sometimes, a device of nominal membership is also adopted. Nominal members have limited responsibilities and limited privileges. They have no share in the profit or in the management of the societies and are not subject to any liability in case of winding up of the society. On payment of a small admission fee, they are admitted as nominal members and obtain the general advantages provided by the society.

2. Informal Organisation

Chief Promoter: The potential members including the village leaders or social workers decide primarily the type of society to be created and they entrust the work of registration of society to the chief promoter who is generally a local leader or a man of repute. He takes the responsibility of collecting
share capital and entrance fees on behalf of the proposed society. His other functions are: (i) to act on behalf of members, (ii) to incur preliminary expenses, (iii) to prepare the proposal for registration of the society, in the prescribed leaflets, containing its bye-laws, (iv) to take leadership and to explain the details of the scheme to the members and the prospects, (v) to put necessary amount in the Central Cooperative Bank in the current or savings account, (vi) to send the model bye-laws to the District Registrar for registration and to satisfy him with regard to the genuineness and the felt need of such a society, and (vii) to convene the First General Meeting.

Collection of initial capital: A cooperative society, like any other business undertaking, needs capital and finance for which it has to depend on the resources of members as well as outsiders. In the beginning the members have to contribute towards the share capital. The value of the share is to be determined and each member has to take at least one share. Along with share capital, entrance fees have to be collected by the chief promoter. The amounts, thus collected, have to be deposited in the District Central Cooperative Bank, in the name of the proposed society, for which a certificate from the bank has to be obtained. The amount of initial capital to be

14. The Registrar has power under section 93 of the Act, to assess damages against delinquent promoters in the organisation or management of the society.
collected depends upon the type of the society.

Preparation of bye-laws: The promoters shall have to prepare or bring four copies of the required leaflets (i.e. of the printed model bye-laws) available from every District Cooperative Board, District Registrar and Extension Officer (Cooperation). For each type of society there are prescribed leaflets for guidance, in which modifications or alterations to suit the needs of the members can be made in accordance with the Act, and the Rules there under. Amendments can be made later on also according to the prescribed procedure. All the bye-laws should be discussed among members so that they become familiar with the details of the internal constitution of the society. The bye-laws relate to the following matters:

(1) Name and address of the society and its branches, if any.

<table>
<thead>
<tr>
<th>Leaflet No.</th>
<th>Type of society</th>
<th>Leaflet No.</th>
<th>Type of society</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.3</td>
<td>Agricultural Credit Society-Unlimited</td>
<td>V.</td>
<td>Cattle Breeding Society</td>
</tr>
<tr>
<td>A.4</td>
<td>Agricultural Credit Society Limited</td>
<td>Z.</td>
<td>Cooperative Dairy Society</td>
</tr>
<tr>
<td>E.</td>
<td>Seeds Supplying Society</td>
<td>II.</td>
<td>Cotton Marketing Society</td>
</tr>
<tr>
<td>G.</td>
<td>District Central Cooperative Bank</td>
<td>BE.</td>
<td>Producers' Society</td>
</tr>
<tr>
<td>J.2</td>
<td>Cooperative Store Society</td>
<td>K.K.</td>
<td>Lift-Irrigation Society</td>
</tr>
<tr>
<td>J.3</td>
<td>Electricity Supply Cooperative Society</td>
<td>F.F.</td>
<td>Supervising Union</td>
</tr>
<tr>
<td>J.2</td>
<td>Consumers Society</td>
<td>H.H.</td>
<td>Land Improvement Society</td>
</tr>
<tr>
<td>L.</td>
<td>Manure Supply Society</td>
<td>JJ.</td>
<td>Taluka Development Association</td>
</tr>
<tr>
<td>N.</td>
<td>Salary Earners' Cooperative Society</td>
<td>LL.</td>
<td>Land Development Bank</td>
</tr>
<tr>
<td>P.</td>
<td>Cooperative Grain Banks</td>
<td>M.M.</td>
<td>Better Living Society</td>
</tr>
<tr>
<td>Q.</td>
<td>Cattle Insurance Cooperative Society</td>
<td>O.O.</td>
<td>District Cooperative Board</td>
</tr>
<tr>
<td>U.</td>
<td>Housing Cooperative Society</td>
<td>Q.Q.</td>
<td>Cooperative Farming Society</td>
</tr>
<tr>
<td>UL.</td>
<td>Housing Reconstruction Society</td>
<td>QQ.Q.</td>
<td>Tenant Cooperative Farming Society &amp; Collective Farming Society</td>
</tr>
<tr>
<td></td>
<td></td>
<td>R.R.</td>
<td>(Multipurpose)-Service</td>
</tr>
<tr>
<td></td>
<td></td>
<td>S.S.</td>
<td>Cooperative Society</td>
</tr>
<tr>
<td></td>
<td></td>
<td>U2.</td>
<td>Banking Union</td>
</tr>
<tr>
<td></td>
<td></td>
<td>UU.</td>
<td>Cooperative Thrift &amp; Saving Society</td>
</tr>
</tbody>
</table>

(contd..p.157)
(2) Class or occupation of its members, if membership is proposed to be so restricted, (3) Area of its operation, (4) Objects of the society and whether its liability is to be limited or unlimited. (5) Terms and qualifications for admission to membership and the rights and responsibilities of members. (6) Consequences of default in payment of any sum due by a member. (7) In the case of credit societies, the conditions on which loans may be granted, the rate of interest and the system of calculation of interest, and, in the case of non-credit societies, the mode of conducting business, purchase, sale, stock-taking and other like matters. (8) Privileges, rights and liabilities of nominal, associate and sympathiser member. (9) Payments and acquisition of interest in the society before the rights of membership are exercised by the members. (10) Rights of voting by nominal, associate or sympathiser members and by a federal society. (11) Restrictions on borrowing from members and non-members. (12) Manner in which the loss, if any, of the society will be determined and its re-imbursement by the member who has not disposed of his produce through the society and who is found guilty of a breach of the bye-laws or of any contracts. (13) Scales of remuneration to be paid to members who have rendered any service to the society. (14) Appropriation

(continued from p.156)

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<td>Crop Protection Society</td>
<td>WW.</td>
<td>Fruits &amp; Vegetable Selling Society</td>
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<tr>
<td>PP.</td>
<td>Amendment of bye-laws</td>
<td>XX.</td>
<td>Education Cooperative Society</td>
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<tr>
<td>GG.</td>
<td>Salary Earners' Society</td>
<td>TT.</td>
<td>Better Farming Cooperative Society</td>
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of profit for any other purpose which is not prescribed under the Act. (15) Manner of calling general meetings and the manner of making, altering and abrogating bye-laws. (16) Constitution of the managing committee and its powers and duties. (17) Items of business, which are not provided in the Act, to be transacted in the annual general meeting. (18) Number of members required to sign a requisition for calling a special general meeting. (19) Utilization of surplus assets of the society in case of liquidation. (20) Manner in which capital may be raised. (21) Mode of custody and investment of funds. (22) Distribution of profits.16

3. Submission of Registration Proposal

Application for Registration: A society, which has as its object the promotion of the economic interests or general welfare of its members or of the public in accordance with cooperative principles, or a society established with the object of facilitating the operations of any other such society, may apply for registration under the Act.

For the purpose an application is to be made to the Registrar in the prescribed form. The person by whom or on whose behalf the application is made shall have to furnish information regarding the society, as may be required by the Registrar. The

application should bear the signatures of at least ten persons of different families who are qualified to do so under the Act, and, in case of federal societies, of at least five societies who have authorised its members to sign on their behalf by a resolution to that effect, copies of which must be appended to it.

Every application for registration of a society should be accompanied by (i) four copies of its proposed bye-laws, (ii) certificates from the District Central Cooperative Banks stating the balance standing to the credit of the proposed society, (iii) list of persons who have contributed to the share capital, together with the amount given by each of them and the entrance fees paid by them, (iv) the scheme explaining how the working of the society will be economically sound, and (v) where the scheme envisages the holding of immovable property by the society, the description of the immovable property proposed to be purchased, acquired or transferred to the society.

Registration and Provisional Registration: If the Registrar is satisfied that the society has complied with the provisions of the Act and the Rules as to registration and that its bye-laws are not contrary to them, he shall register the society and its bye-laws. If the Registrar is of the opinion that the application complies with the requirements of the Act but its bye-laws are not in conformity with the provisions of the Act
and the Rules, he may provisionally register, the society and, by an order in writing, permit the society to perform such functions subject to such conditions as may specify in the order and direct the society to amend the bye-laws within the prescribed time so as to bring them in conformity with the Act and the Rules.

When a society has been provisionally registered, the Registrar shall, on its compliance with his order, finally register it and its bye-laws, but, on its failure to comply with the order, shall cancel its provisional registration. A provisionally registered society shall not be deemed to be a society registered under the Act. On the registration of a society the Registrar shall issue to it a Certificate of Registration signed by him.

The society shall not however, be registered (i) if, in the opinion of the Registrar, it is economically unsound or its registration may have an adverse effect upon any other society, or its working is likely to be in contravention of public policy, (ii) if it does not have at least ten persons (each of such persons being a member of different family),

17. "Provisional Registration" is the new feature of the Gujarat Cooperative Societies Act, 1961. It is added because the working or the functioning of the society may not be delayed for want of legality of registration procedure. It is a temporary measure.

18. "Member of family" means a wife, husband, father, mother, grand father, grand mother, step-father, step-mother, son, daughter, step-son, step-daughter, grand-son, grand daughter, brother, sister, half brother, half sister and wife of brother or half brother.
who are qualified to be members under the Act, and who reside in the area of operation of a society except a federal society, (iii) with unlimited liability, unless all persons forming the society reside in the same village or town or in the same group of villages, and (iv) if it does not have at least five societies as members in case it is a federal society.

Effect of Registration of a Cooperative Organisation: A Certificate of Registration issued by the Registrar shall be a conclusive evidence that the society mentioned therein is duly registered, unless when it is proved that the registration was cancelled. A society on its registration, shall be a body corporate by the name under which it is registered, with perpetual succession and a common seal and with power to acquire, hold and dispose of property, to enter into contracts, to initiate and defend suits and other legal proceedings and to do all such things as are necessary for the purpose for which it is constituted.

Appeals and Revision: When any question arises for the purpose of the formation, registration or continuance of a cooperative

19. (i) An individual, who is competent to contract under the Indian Contract Act, 1872. (ii) A firm, company, association or a society registered under the Societies Registration Act, 1860. (iii) A society registered, or deemed to be registered, under the cooperative societies Act, 1961. (iv) The State Government provided that clause (i) shall not apply to an individual seeking admission to a society exclusively formed for the benefit of students of a school or college: Government of Gujarat; "The Gujarat Cooperative Societies Act, 1961"(Section 22): p.8.
organisation or for the admission of a person as a member of a society whether a person is an agricultural or a non-agricultural, whether any person is a resident in a town or village or a group of villages, or whether two or more villages shall be considered to form a group or whether any person belongs to any particular tribe, class or occupation it shall be decided by the Registrar. In addition to this if a question arises if the creation of a society is economical or if it is according the cooperative principles or whether the byelaws are not contrary to the Act and the Rules, it shall be decided by the Registrar.

However, an appeal against an order or decision of the Registrar under the above circumstances shall lie, if made or sanctioned by the Registrar or an Additional or Joint Registrar on whom the powers of the Registrar are conferred, to the State Government. If made or sanctioned by any person other than the Registrar or an Additional or Joint Registrar on whom powers of the Registrar are conferred, to the Registrar. However, the Tribunal21 is the final authority - whose


21. The Gujarat State Government has constituted a Tribunal called Gujarat State Cooperative Tribunal for appeals, review and revision. It consists of 3 members. The president of the tribunal should be a person who (i) has been a judge of the High court, or (ii) has been a district judge, or (iii) has held the office of the Registrar of cooperative societies in any state. The other members of the tribunal should be persons closely associated with the cooperative movement but of which one such members shall be a person who has been an advocate or a pleader for not less than ten years.
decisions are final, conclusive and shall not be called in question in any court.

Procedure of an Appeal: (1) Every appeal is to be in the form of memorandum which should (a) be either type-written or written in ink in legible hand, (b) specify the name and address of the respondent or the opponent, as the case may be, (c) state whether the order complained of was made by the Registrar or by any person other than the Registrar on whom the powers of the Registrar are conferred, (d) clearly state the grounds on which the appeal was made, (e) state precisely the relief which the appellant claimed, and (f) state the date of the order or decision appealed against. (2) An appeal should be presented in person by the appellant or by his duly appointed agent to the appellate authority during the office hours or sent by registered post. An appeal is to be filed within two months of the date of the communication of the order or decision of the Registrar. The appellate authority may, however, admit an appeal after the expiry of such period if the appellant satisfied the appellate authority that he had sufficient cause for not preferring the appeal within such period.

On receipt of an appeal, the appellate authority has to examine it, and if it is found that it is in order, it has to

be registered in the register maintained for the purpose. If the appeal is found to be defective the appellate authority might call upon the appellant to remedy the formal defects pointed out in the appeal, within such time as the former prescribes, subject to a maximum of fifteen days. If the party concerned or his agent fails to remedy the defects within the prescribed time, the former should fix a date for preliminary hearing of the appeal of which due notice should be given to the party concerned. On the date fixed, the appellate authority should hear the party or his agent, if present and pass orders directing that the appeal be (a) admitted or (b) rejected. In case it is rejected, the appellate authority has to record its reasons for the rejection.

After an appeal is admitted, a notice should be delivered or sent by registered post to the party concerned calling upon him to appear before the appellate authority on the date specified in the notice. If the latter failed to do so, the appellate authority has to hear and decide the appeal ex-parte. If the latter remained present it has to decide it on merits after hearing the respondent or opponent or his agent or pleader. If any of the parties was absent at the date of hearing and the appeal was heard and decided ex-parte, the party concerned might appeal for restoration of appeal. If it

satisfies the appellate authority that it had no notice of the date of the hearing or that it was prevented by any sufficient cause from appearing when the appeal was called for hearing, the latter might restore the appeal to its file.

When the hearing of the appeal is complete, the appellate authority declares its judgement forthwith or fixes a date for it. Every judgement of the appellate authority has to be in writing. The appellate authority has, in its judgement to state at the end whether the appeal was dismissed or allowed wholly or in part and mention the relief, if any, granted to the appellant. It would also state who should bear the cost and in what proportion, if any. The certified copies of the judgement should be supplied free of cost on application to the parties concerned.

Holding of First General Meeting: While forwarding the certificate of registration and the bye-laws of a society to its Chief promoter, the registering authority directs the chief promoter to hold the First General Meeting within a period of 3 months. However, there is no such provision in the cooperative societies Act or the Rules made thereunder to be convened within 3 months. It has the highest authority in the organisation. The responsibility for the conduct of affairs of the meeting rests with the members as they resolve and direct in accordance with democratic usage. Generally a representative is sent by the cooperative department to attend it to guide properly the members in the proceedings of the meeting.
Not less than 10 days' or 14 days' notice according to the bye-laws of each society has to be given by publication of a written notice outside the office of the society and in any other conspicuous place that might be convenient. The notice should specify the date, the hour and the place fixed for holding the meeting and should state the nature of the business to be transacted thereof. The following matters had been dealt with in the First General Meeting. 24-25-26

(i) Election of the President of the meeting.

(ii) Adoption of the bye-laws which are registered.

(iii) Sanctioning the expenditure incurred up to the date of the meeting.

(iv) Admission of new members.

(v) Election of the Board of Directors or Managing Committee for the year.

(vi) Appointment of the Honorary secretary.

(vii) Appointment of a person or persons to audit the accounts of the society during the year.

(viii) Fixing the limit up to which funds may be borrowed by the managing committee.

(The number of members required for a quorum is laid down in the bye-laws of each society.)

The meeting has to have a quorum. All questions are, 


25. (ii) Shri Sudi-Samani Group Multipurpose Society Ltd., District Broach.

subject to any special direction in the Act, Rules and Bye-laws, decided by a simple majority of those present and voting. Every member has one vote.

The working of the society commences officially only after the First General Meeting is held.

C: Amendment of Bye-laws

Circumstances may arise at a later stage, after the registration of bye-laws, to alter or abrogate or modify them. This can be done by a resolution passed at a general meeting of the society provided (i) that due notice of any proposal to make or alter the bye-laws is given according to the existing bye-laws to the members of the society, (ii) that a copy of the existing bye-laws so marked as to show alterations proposed to be made and four copies of the proposed amendments signed by the Chairman of the Society and other information as required by the Registrar are attached to the copy of the resolution along with the copy of the notice, (iii) that the resolution is passed by not less than 2/3rd of the members present and voting at the general meeting having a quorum or if a quorum is not present, at an adjourned general meeting when the members present shall form a quorum, and (iv) that a copy of the resolution is forwarded to the Registrar within the period of two months from the date of the meeting, and will issue to the

society a copy of the amendment certified by him, which shall be a conclusive evidence of registration.

Also, if the Registrar is of the opinion that it is necessary or desirable in the interest of a society to amend its bye-laws, he may send a notice containing a draft of the amendment proposed by him for its making within a stated time. The society thereupon has to call a special general meeting for the purpose and if the amendment is accepted thereat, it has to be forwarded to the Registrar for registration and for a certified copy thereof. 28

If the Registrar is satisfied that the amendment so forwarded is not contrary to the Act or the Rules, he may register the amendment. If he refuses it, he shall communicate the reasons for refusal to the society and the society will be given an opportunity of being heard.

D: Delegation of Statutory Powers of the Registrar of Cooperative Societies to Panchayats

The Registrar's powers with regard to registration of a cooperative organisation, amendment of its bye-laws, etc. have been narrated earlier. A new provision was introduced by Section 156 of the Gujarat Panchayats Act, 1961, which delegates powers of the Registrar to the Panchayats, 29 in these respects:

(i) Registration of cooperative organisations. (ii) Approval of amendment to their bye-laws. (iii) Maintenance of the register of cooperative societies. (iv) Appeals arising out of non-admission of members. (v) Change in the name of classification of a society. (vi) Grant of permission to a society to enter into partnership. (vii) Calling of, or extending the period for calling of, the Annual General Meeting. (viii) Disposal of surplus assets of a society in the event of its winding up. (ix) Giving direction for the transfer of the possession of books and papers of a society to the successor Chairman.

The delegation of these powers related to the societies having jurisdiction over less than a district and to the rural societies excluding Municipal and Nagar Panchayat area. The societies to be registered by District Panchayats have to conform to the model bye-laws prescribed by the Cooperative Department. Since 1-9-1964, the Assistant District Registrars for cooperative societies have been deputed to District Panchayats for the work of cooperative sector of the latter. 30

The object of this delegation of statutory powers of the Registrar was to make the cooperative movement self-regulatory. It should not be forgotten, however, that such authority of the District Panchayat or the Taluka Panchayat over the cooperative movement would also as external as that of the Registrar earlier.

Again, the Registrar as a Government Officer, would be expected to be above political influences and would take an objective view of things. It might not be so in the case of elected local bodies. Further, some of the powers of the Registrar, such as registration, supersession of managing committee, approval and amendment of bye-laws, arbitration and liquidation are quasi-judicial in nature and cannot be transferred to elective bodies like the District Panchayats.

It is, therefore, not advisable to delegate any of the powers of the Registrar to the District Panchayats. It is also necessary that external forces political or otherwise should not be allowed to influence the working of cooperatives, which are essentially business organisations. The Panchayati Raj institutions should certainly extend their cooperation to the promotion, development and planning of cooperative organisations for their successful functioning at all levels. But they must not replace the Registrar in the exercise of the powers listed earlier. On the contrary, the regulatory functions should be delegated progressively to federal cooperative organisations only, to attain the goal of self regulation.

32. Ibid., Section 81: p.25.
33. Ibid., Section 13; p.5.
34. Ibid., Section 107: p.38.
E: Special Requirements for the Promotion of Different Selected Societies

Urban Cooperative Credit Societies: In villages, the members are usually aware of one another's character, behaviour, requirements, property, means, trustworthiness, etc. They are, therefore, usually willing to accept limited liability for one another. In a town the conditions are different. Members are from different classes and professions. They are not all acquainted with one another. They do not always own land or other real property and have no substantial security to offer. They want funds for their own business but do not want to be troubled by their neighbours' affairs. Hence, the information that needs to be collected before promoting an urban society pertains to these aspects: (i) Amount of share capital which the intending members have already promised to subscribe. (ii) Except agricultural purposes for which the loans will be chiefly required. (iii) Rates of interest and periods for which deposits are expected to be received. (iv) Loans that will be required from outside during the first year. (v) Occupations chiefly followed by the members. (vi) Normal rates of interest at which they now borrow. (vii) Expenses which will be incurred during the first year on account of (a) salary of the secretary, (b) rent of office building, and (c) contingencies. (viii) Estimate of the financial position of the original members in the following form to be signed by the organiser.

Central Financing Agencies: The Taluka Banking Unions or Banks for areas smaller than a district would not be suitable as central financing agencies to undertake the work of providing agricultural finance. Such would be too small in the new financial structure to mobilise local savings and maintain the administrative efficiency required of such organisations.

A central financing agency should meet these standards:

(a) Structural: (i) The area of operations should normally be a revenue district. (ii) There should be a proper cooperative growth in the tract and an adequate number of affiliated cooperatives before such an agency is organised. (b) Capital: (i) It should normally have a paid-up capital of Rs. 3,00,000 which should be raised by public subscriptions and from affiliate cooperative organisations. 36 (ii) It should be able to secure local support, in the shape both of non-official workers and of local deposits. (iii) It should normally aim at having a minimum working capital of Rs. 20-25 lakhs within a reasonable

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36. In case a central financing agency in any district is proposed to be organised with less paid-up share capita the Registrar may consider such proposal: "A manual for cooperative societies in the Bombay State," 1953. Vol.I and II: p.197.
Administrative: It should have a minimum staff complement consisting of 1 Manager, 1 Assistant Manager or Accountant, 2 Inspectors or Officers for Agricultural Finance, 1 Cashier or Clerk. 37

Housing Societies: Cooperative housing societies are of three types: (i) Societies in which the members are builders. They build houses as producers for their sale in the open market. (ii) Societies (a) which lend money to their members specifically to enable them to build houses for their own use, or (b) which build houses for and hand them over to the members. These societies have joint amenities like school, play-ground, garden, etc. for their members. (iii) Societies in which co-partnership tenancy system is adopted i.e. the property remains absolutely with the society as a whole upto a certain period. The member contributes to the capital in the first instance by share and then pays monthly rent so calculated as to cover the whole value of the building over the prescribed period, at the end of which he occupies the building free of rent as an owner.

The first essential of a housing society is that there should be a bond of common habits and common usage among the members which would strengthen their neighbourly feelings, their loyal adherence to the will of the majority expressed by the committee's orders and their unselfish and harmonious working together. Secondly, it would have to be ascertained as to what

37. Ibid., p.198.
maximum rent per house or flat the members would be ready and able to pay and what accommodation would they require in return. Thirdly, the promoters would have to find suitable building sites. This is generally the most troublesome part of the promotion of such societies.

The model bye-laws as in leaflet 'U', 38 might be adopted as they stand, or with necessary modifications; but the use of the indenture agreements and regulation would vary with the class or classes of occupancy given by the society to its members. In a society run entirely on a pure co-partnership tenancy system, "Form A", 39 signed by all the tenants would be required over and above the bye-laws. In a society where members (a) hold houses on lease from the society and have paid up, fully, the value of their houses or tenements including the site, or (b) have, with permission constructed their houses upon the sites allotted to them, "Form B" 40 and "Form D Indenture" are required to be filled up. If the member intends ultimately to hold on lease, but for a certain period of years pays off the value of the site and house by instalments, "Form C - a preliminary agreement" is required in addition to Forms "B" and "D".

38. Leaflet 'U' contains bye-laws of the housing society.
39. Form 'A' is regarding regulations relating to tenancies to be granted by the housing society to its members in respect of houses held by the society.
40. "Form B" is for the regulations relating to the leases to be granted by the housing society to members desiring to purchase their houses.
Cooperative Marketing Society: The marketing of agricultural produce is the foundation of rural economy. On one side are the agriculturists — small, scattered, unorganised, illiterate, sunk in debt and whose waiting strength is weak owing to the lack of adequate storage and financial facilities; on the other side are the middlemen and merchants who are well organised both horizontally and vertically and who command sizeable financial resources. Result: the former have a very weak bargaining strength and fall prey to the exploitation by the latter. The promotion of a cooperative marketing society provides a solution. An enquiry on the following points should precede its promotion:


(b) Type of improvements: (i) Whether higher prices available? (ii) Whether better services possible? (iii) Will it aid production? (iv) Whether financial assistance available? (v) Will there be efficient handling of products?

(c) Management: (i) Will a proper manager be available? If yes, with what salary? (ii) Will the manager bring additional business? (iii) Will there be efficiency in management?

(d) Farmers' support: (i) How many farmers will support? (ii) Will loyalty in time of stress be available? (iii) Are cooperative principles understood by members? (iv) Is there any experience
of working together among members? (v) What products are to be marketed?

(e) Competition: (i) Whether competition is local or of other markets? (ii) Can sufficient volume of business be provided? (iii) Will it be possible to face the competition?

(f) Finance: (i) Will member demand cash on delivery? (ii) Can finance be borrowed at reasonable rates? (iii) How much capital will be required?

Cooperative Farming Societies: To make agriculture a surplus economy, one of the steps should be that of the removal of the causes of the low productivity like fragmented and uneconomic holdings, low fertility of land, inadequate irrigation facilities, inferior seeds, inadequate manures and fertilisers, premitive implements and methods of cultivation and shortage of capital resources. The agriculturists can increase crop yields without loss of their essential individuality, initiative and ownership of lands by organising cooperative Farming Societies in these forms. 41 (i) Cooperative Better Farming Society. 42 (ii) Joint Farming Society. 43 (iii) Tenant Farming Society. 44 (iv) Collective Farming Society. 45

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42. Leaflet-Q.

43. Leaflet-QQ.

44. Leaflet-QQQ.

45. Ibid.
(i) Cooperative Better Earning Society: Here there is individual farming on cooperative lines. The society has to undertake common services such as distribution of improved seeds, fertilizers, insecticides, agricultural implements, etc. It has also to provide credit for marketing, irrigation and other services necessary for the agriculturist to increase agricultural production. (These functions are also performed by the service cooperatives).

(ii) Cooperative Joint Farming Society: In this, the ownership of land rests with the individual, but pooling of land and joint cultivation in accordance with an overall plan approved by the elected committees are essential ingredients. Ownership of land is recognised and rewarded by the society by payment of a return in relation to the size and the productivity of the land. The produce is raised together and the sale proceeds after meeting all the expenses of cultivation, marketing, etc. are shared by members in proportion to work done and/or land contributed.

(iii) Cooperative Collective Farming Society: The society has to obtain the land on freehold or leasehold basis as also the other means of production. It has to undertake joint cultivation. As the individual members do not loan out their own lands, no return has to be paid on this account and the profits are distributed in proportion to the work done by them.


(iv) Cooperative Tenant Farming Society: It has to obtain land on a freehold or leasehold basis. The total holding is subdivided and each individual member is allotted a separate plot, though he is to cultivate the land according to an overall plan formulated by the society. The manner in which the plan is to be executed is left entirely to the discretion of the individual member. The society has to supply credit, seeds, manures, etc. Each tenant member pays a fixed rent for his holding but the produce of the holding is his own and entirely at his disposal. 48

Whatever might be the type of the farming society or the extent of the technical, financial and administrative assistance which it might be able to secure from Government and other external agencies, the qualitative success of a society would depend on factors like (i) availability of adequate acreage per member (not less than 5 acres jirayat and/or proportionate acreage of Bagayat, 49 (ii) availability of land on long term and/or permanent basis to permit the expenditure for long term plans and improvements, (iii) elimination of absenteeism of members and admission of such members as could actively participate in the society's farming operations, (iv) availability of intelligent and impartial local leadership which could command both the loyalty and the confidence of members and could inspire in them a spirit of fellowship, discipline and teamwork, (v) availability


49. The Bombay Tenancy and Agricultural Act, 1948. Section 45(2) determines the area of holding of land on the basis of one acre of perennially irrigated land being equal to two acres of seasonally irrigated land or paddy land, or four acres of jirayat land: p. 10.
of the services of a qualified and experienced manager who could give technical guidance and assistance on the spot and who would be able to exercise effective control on all the day-to-day operations of the society without any discrimination and (v) implementation of general or special directions, plans and progress as the general body of members might, in consultation with the Cooperative or Agricultural Department, prescribe or recommend for adoption. These conditions will have to be ensured from, before the promotional stage. Next, the promoters would have to set out the scheme in details regarding the recurring and capital expenditure involved, the sources from which it would be met, the estimates of incomes and expenditure, etc. A joint report from the District Cooperative Officer and the District Agricultural Officer concerned, endorsing the details of the scheme and certifying its technical feasibility, has to be obtained. Then the promoters should collect the initial share capital, the adequacy of which would be judged by the circumstances of each case in respect of the types of persons for whom the society is proposed to be organised and their economic status, and the financial implications of the scheme.

For registration of the society, a receipt of the Central Cooperative Bank, in the name of the society, for the share capital collections deposited with the former, four copies of the bye-laws and other documents, duly filled in, should be sent to the District Registrar.

Lift Irrigation Society: The purposes of promoting the lift irrigation societies are; (i) to encourage owners of land to pool their lands so as to form large blocks for irrigation and allied
purposes, (ii) to dig out, construct and maintain walls, tanks reservoirs, canals, water courses, culverts, bunds or any other works to facilitate the irrigation of such lands, and (iii) to hire or purchase appliances, machinery for water pumps and plant for irrigation.

The specific requirements for the promotion of such a society are: (i) A list of names of contributors to the share capital of the society showing the amount contributed by each. (ii) A receipt of the Central Cooperative Bank in the name of the society for the amount deposited with the former on account of share capital collections. (iii) A detailed description of the scheme. (iv) Four copies of bye-laws in leaflet 'KK'\(^5\) duly signed by at least 10 promoters who must have also signed the application for registration of the society. (v) A plan showing the area affected by the proposed scheme and the surrounding lands as shown in the maps of the villages affected. (vi) An extract from the record of rights showing the names of the occupants and tenants of the lands and the area and assessment of the lands included in the scheme. (vii) A statement of the owners of such lands giving consent to the making of the scheme, signed by such owners. (viii) Estimates of the cost of such scheme. (ix) A statement showing how the cost is proposed to be apportioned among members and how the requisite funds will be raised for the purpose.

With the registration proposal four accompaniments as prescribed by law have to be submitted.

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Milk Producers' Society: In addition to the general procedure which remains the same as for the registration of other types of societies, an organisational paper containing the following details from the Organiser of Milk Producers' Societies is required:

1. Number of promised members: (i) Cattle owners, (ii) Others.
2. Number of milch cattle owned by them: (i) Buffaloes, (ii) Cows.
3. Estimated daily outturn of Milk.
4. Estimated price at which milk is to be (a) taken from producers, and (b) sold to consumers.
5. What buildings it is proposed to secure: (a) by construction at society's expense, and (b) on lease.
7. What capital is promised in the shape of (i) Share capital, and (ii) deposits fixed for five years.
8. What help from the local municipality is (a) promised, and (b) expected.
9. Any other special forms of outside help available.
10. What help, if any, is required from the Government in the shape of (i) Grazing, (ii) Cash loan, (iii) Other.

Problems and difficulties experienced in the promotion of societies and suggested remedial measures

Overlapping of areas of operation: The aims, objects and areas of operation of societies vary according to their nature and

types. There are still societies having their major aims common. In villages, the service society, the better farming society and the marketing society have the common aims to provide credit, manures, etc., to their members irrespective of their particular objects. Conflicts of objectives arise particularly when the area of operation is limited. As a remedy detailed specific objects should be framed out in each case to avoid an overlap and a functional specialisation should be adopted. Similarly, in towns and cities, a Banking Union, an Urban Bank and a Central Bank may have common major objectives and the same area of operation. Here opening of branches of a single type, of bank would be better than the establishment of separate type of institutions. Also, thus, would result in an enlargement of the size of operations and the economies of large scale could be obtained.

Opposition from vested interests: One of the most important reasons for the inadequate and slow growth of the cooperative movement is the opposition it has always to face from the private and the bureaucratic sectors. They fear that a real cooperative break-through might create a giant rival to their interests. Regarding the strength of the private competitors, the Rural Credit Survey Committee observed:

"The ubiquity of this agency, its widespread net work from village to town and city and in particular the financial strength it derives from its connections with some of the most powerful element of the urban economy, are all factors which place cooperative society at great disadvantage in comparison
with it. The private agency consists of the village money
lenders, landlords, contractors and the indigenous money
lenders in cities, traders and commercial banks, etc. All of
them have got inter-connections and give financial accommoda-
tion to one another at the time of need." 52

The cooperative structure is comparatively weak. The
stronger naturally have the upper hand. Though the trend is
going gradually reversed, the leadership in villages is in the
hands of comparatively big land-owners and traders. For want of
talent and resources among ordinary men, the cooperative socie-
ties are dominated by them. They hold control over the other
village institutions like Panchayats and Public Trusts. They
use the cooperatives as a tool to increase their hold every-
where. They do not even care for the basic needs of the co-
operatives and their members. On the contrary, they are indi-
rectly interested in seeing to it that the societies do not
grow, especially when they compete with their own business
or when their vested interests are to suffer.

Moreover to fulfil the targets under the Five Year Plans
for bringing 100% villages and most of the population in the
cooperative fold, membership is thrust upon unwilling persons.
Consequently, they do not take interest -- much less, keen --
in the affairs of the society. Thus, the cooperative organisation
which is meant to give protection to the weak and the exploited

52. Reserve Bank of India: "Report of the Committee on Direc-
tion - All India Rural Credit Survey Committee: (Vol.II),"
1954: p. 258.
becomes a tool for their further exploitation at the hands of influential persons.

These preventive and constructive measures may prove useful to solve the riddle. Only those members who are convinced of the cooperative principles should be admitted, both at the time of promotion and subsequently. Education and training in the theory and the practice of cooperation should be given to all members and intensively to those who are on the managing committees so that they possess the talents for running the cooperative organisations efficiently. Care should be taken to bring together selfless, interested and enthusiastic persons who will devote necessary time and energies first to the promotion and then to the running of the cooperatives. It should be seen at the same time that uncrupulous and unreliable persons do not get an entry in the cooperatives or, at least, in their management. Strict discipline must be enforced in regard to the holding of annual general meetings of the societies regularly and in time. In the case of failures, statutory action should be initiated without lenience. The Registrar must ensure —if necessary, by using his statutory powers—that persons who have mismanaged the affairs of cooperative organisations are debarred from contesting fresh elections.

Healthy conventions should be developed for (a) preventing the


54. Ibid., p.584.
continuance a in office of the same persons for long period
and (b) for preventing the holding of elective posts by one
and the same person in a number of institutions at the same
level at the same time. The limits of maximum total durations
of offices by the same person in (a) an organisation and (b)
in different organisations at a time should be fixed by law.
Steps should be taken to ensure fair elections to the managing
committees of societies by the introduction of secret ballot.

Rivalry of political parties: It is being said frequently in
some corners that the cooperative organisations are mostly
controlled and dominated by the workers and/or supporters of
the ruling political party, that others are not generally allowed
to hold any office of position and that those few who are
tolerated serve in minor and harmless positions. These remarks
may be politically motivated. There is one aspect of the situa­
tion, though. It is generally believed -- rightly or wrongly--
by the people and the cooperatives that in order to secure
benefits that are available under the laws, they must have
people who can have access to the authorities and that it is
only the local leaders connected with the rulers who have it.
This is a limitation of the party system of democracy and the
cooperative department should be vigilant that the promotion
of cooperatives always takes place on the basis of the feasi­
bility of a scheme only for the good of the particular group
of persons coming together and that political bias does not
creep in. The political leaders of all parties, too, must follow
sincerely a code of conduct not to ruin a great cause to serve

53. Ibid., p.584.
54. Ibid., p.584.
their narrow vested interest. Cooperation is basically a socio-economic movement and one of its basic principles is neutrality in matters relating to politics, religion and other beliefs.

Organisational problems in backward areas and backward communities: Here, poverty and malnutrition, wide-spread indebtedness, depressing high percentage of illiteracy, lack of business experience, uneconomic holdings and antiquated methods, inadequate transportation and storage facilities, dearth of regulated markets exploitation of money-lenders and middlemen are among the many facets of the problem that call for simultaneous far-reaching economic and social legislation to make cooperative penetration possible and effective. Steps like compulsory education, agricultural legislations to remedy the problems of tenancy, subdivision, fragmentation, concentration of land ownership in few hands, and extension services under the Community Development Programme have been taken. All these have improved condition in the rural societies. But the main difficulty is of raising share capital in the initial stages of the promotion of societies on account of the low income and savings capacities of the backward communities. Perhaps, the keeping of very low and the collection of the payments by instalments may be a practical measure. Also, for the general enlightenment of the rural folks in the backward areas screening of film-strips, study tours, visits of successful societies, members' training through cooperative stories, etc., should be programmed on a continuing and goal-oriented
basis. Another difficulty is regarding the non-availability of sufficient numbers of trained and experienced personnel to manage the offices of the cooperatives in backward areas. The State should take special responsibility to provide administrative, technical and financial assistance to such societies.

Other difficulties: In order to determine the incidence of the different types of promotional difficulties experienced by different societies, replies were obtained through a mailed questionnaire. 58 respondents cooperated. 36 cooperatives (62.1%) had to face opposition of vested interest. 28 cooperatives (48.5%) had to encounter the lack of initiative on the part of people for whose benefit they were being organised. 14 cooperatives (24%) found it a hard task to collect their initial share capitals. 11 cooperatives (19%) could not find trained and experienced secretaries they needed. In 8 cooperatives (14%), local people lacked confidence in the promoter-leaders. And, 4 cooperatives (0.7%) suffered from difficulties in regard to the framing of bye-laws and the regulation procedures.

Apart from the firmness of decision to act collectively and concertedly to counter the direct and indirect tactics of existing vested interests that try to hinder cooperative formation and growth, other constructive measures can be suggested. Table III.4 presents the break-up of their opinions.

57. A. 1 to 30; B. 31 to 34; C. 36; D. 41 to 44; E. 46 to 48; F. 49 to 51; G. 54 to 65; H. 66.
Measures suggested by the Societies to overcome the promotional difficulties

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Suggestions</th>
<th>No. Of Societies</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Study tours to visit successful societies</td>
<td>28</td>
<td>50.</td>
</tr>
<tr>
<td>2</td>
<td>Building up public opinion through press, audio-visual aids, and other mass communication media</td>
<td>24</td>
<td>42.9</td>
</tr>
<tr>
<td>3</td>
<td>Restriction in membership of persons having vested interest in the initial period of the societies</td>
<td>22</td>
<td>36.6</td>
</tr>
<tr>
<td>4</td>
<td>Teaching the subject at High School and/or College Level</td>
<td>20</td>
<td>35.7</td>
</tr>
<tr>
<td>5</td>
<td>Facilities and financial assistance to be provided to train the staff of the society</td>
<td>14</td>
<td>25.</td>
</tr>
<tr>
<td>6</td>
<td>Payment of share-capital by instalments</td>
<td>10</td>
<td>5.6</td>
</tr>
</tbody>
</table>

In addition, the following steps should create a climate for and help cooperative growth on a sound, permanent and continuing basis:

(i) Youngsters should be encouraged to participate in the movement by associating themselves with cooperative stores that should be established in schools and colleges.

(ii) The facilities of cooperative training schools may be strengthened so that the flow of a stream of the supply of well

58. A. 1 to 30; B. 31 to 34; C. 36; D. 41 to 44; E. 46 to 48; F. 49 to 51; G. 54 to 65; H. 66.
trained personnel is ensured.

(iii) In the formative period of the new cooperatives, the departmental extension staff should take more interest, care and attention than at present.

(iv) Share capital contributions may be permitted to be collected in instalments, where necessary.