Chapter II
CHAPTER — II

GROWTH OF CO-OPERATIVE MOVEMENT

INTRODUCTION

Co-operative movement in India was introduced as a State Policy and owes its origin to the exactment of the Co-operative societies act, 1904. During the last more than 70 years of its existence, the movement has passed through various stages of development and has seen many ups and downs.

With the advent of British rule the socio-economic fabric of rural India was completely shattered. The indigenous industries became extinct as the British's sought to destroy the manufactures of India by their own manufactures. As a result, more people had to fall back upon agriculture than the land could economically sustain. New system of land revenue and administration gave the village moneylenders sufficient scope of interest which involved the peasants heavily in debts with the passing of years added with this were the frequent failure of monsoons and the resultant famines under pressure of these circumstances, the peasant violently reacted and number of riots took place. In 1875 the peasants of Poona and Ahamed Nagar rose up against the money lending classes, smatched away the bonds and Securities and destroyed the documents in fire. Military aid had to be requisitioned to

At thus stage certain relief measures were taken by the Government. By passing Deccan Agricultural Relief Act (1879), Land improvement Loans Act (1883) and
Agriculturists' Loans Act (1884). The last two acts are more popularly known as Taccavi Laws. The former was for long – term long and the later for short – term. These Acts even continue today. But these measures failed to render any considerable help to the agriculturist.

In 1892 the Government of Madras deputed Sir Frederick Nicholson to Europe to study the problems of rural indebtedness there and report on the advisability of starting a system of land banks in the presidency. In this report, submitted in 2 parts in 1895 and 1897, Sir Frederick Nicholson made a strong plea for introduction of co-operative credit Societies of the ultimate liability type obtaining at that time in West Germany and he concluded his report with the observation “Find Raiffeison” The Famine Commission of 1901 also endorsed this view. In the meanwhile, Mr. Dupernex in Uttar Pradesh, Mr. Maclagan in the Punjab and Mr. Lyon of Bengal organized a few pioneering co-operative undertakings in the form of indigenous Nidhis or Mutual loan – associations which paved the way of introducing Co-operative credit societies in India.

History of the movement up to 1947 can broadly be divided in Five Stages

FIRST STAGE

The first stage was essentially experimental one. The India Organisers of the movement had little experience and scarce knowledge of the imported idea of Co- operation. The task was made even more difficult by the fact that they were required to spread a new idea among the uneducated rural people.
The act of 1904 provided for the organization of primary credit societies and stress was on the promotion of agriculture credit only. Local officers were also instructed that the organisation of rural credit societies should be their first concern. By 1912, 8, 277 societies with a membership of over 4 lakhs and working capital of Rs.335.7 lakhs had been organized.

One of the special features of the societies, during the period, was that the government was the prime mover of the movement. The movement was not only initiated by the Government, but was also supported by government loans. In 1909, government loans formed 23% of the working capital of societies. The condition of societies however could not be said to be sound. Organization was invariably nor proceeded by adequate training in the principles and practices of co-operation. Loans were generally marked by insufficiency and delay. Recoveries were far from satisfactory and loan system was defective. Mr. C. S. Campbell the then Registrar of Co-operative Societies, Bombay. Once correctly reported. “The lazy secretary of a dull society will collect and pay out again to the same persons by a book transaction. The worst of the system is perhaps that money goes in one lump on one day and comes back in one lump of another day; in the interval, a guest comes, a low dies, a child is born, school fees fall due, but the society is found unable to accommodate, the sahukar can and does”.

In fact, at some places, the very ideology of co-operation was misunderstood ever by those who were officially entrusted with this work. In one province, the misguided activities of some officials invited.
A few non-officials started taking interest in the movement during the period. The names of Hon’ble Mr. Lallu Bhai Samaldas, Sir Vithaldas Thackersay and Shri Gopal Krishna Gokhale of Bombay are worth mentioning. To the former goes the credit of organizing the first Central Co-operative Bank in Bombay in 1911. As the Co-operative societies Acts did not permit the registration of Central Societies, this bank was got registered by an agreement between the promoters and the government, under the Government of India Act. Another Co-operates, Mr. Chiromule also did good service of the movement. Among his services, is the Organisation of the society of pathans at Sitara. The members were all indebted to pathans who charged high rates of interest. The society freed the members of the debt. Govind T. Kulkarni, a promoter of society in Dharwas District, set a noble example. Who the society’s funds were locked up in overdues, he placed his savings at the disposal of the society without expecting a return, in order to keep the workings of the society going. Such examples spread the reputation of the movement and helped in its expansion. The objectives of the movement drew the attention of other selfless workers like Kamdas Pantalu of Madras who later became the first President of the All India Co-operative Banks’ Association.

SECOND STAGE: 1912 TO 1919

Though to begin with, the government was by no means sure of the success of the movement, early achievements outstripped all expectations. The Act of 1904 was found insufficient to cope with the expanding movement. It did not, for example, allow
central and non-credit societies to be organized. Various other provisions also stood in
the way of the healthy growth of the movement. A new Act was, therefore, passed in
1912, which removed the limitations of the Act of 1904.

IMPORTANT CHANGES BROUGHT ABOUT BY THE NEW ACT WERE

1. The Act of 1904 confined Co-operative activities to primary Credit
   societies only. The new Act enabled the registration of non-credit
   societies as well, so as to ensure an all-round progress of the
   movement.

2. The old Act classified societies into rural and urban whereas the
   new Act provided for the classification of societies on the basis of their
   liability into limited and unlimited.

3. The old Act was silent about distribution of profits. The new Act realized
   that Co-operative movement in India could not flourish so well unless
   the right of investors to reasonable profits was recognized.

4. The Act also enabled for the first time the registration of Central
   Societies.

After 1912 the movement not only expanded numerically but passed through a
phase of reorganization. In 1914 the Government held that the time had come to take
stock of the position so that the responsibility for fastening and supporting the future
growth could be taken up by it. Accordingly a ‘Committee on Co-operation’ under the
chairmanship of Mr. Maclagan was appointed in 1914 to examine whether the movement was progressing on sound lines and to make recommendations regarding the Co-operative movement. The Committee made the following recommendations:

1. Investment of loans in productive purposes and watching their utilization.

2. Loans should be issued to members only.

3. Loans not to be granted for speculative purposes.

4. Exercise of careful security before advertsing loans and proper vigilance afterwards.

5. Capital to be raised as far as possible from savings among the members and neighbours.


7. Honesty is the Chief basis of credit.

8. Small area of operation.


10. Timely and regular collection.

11. Encouragement of thrift and the constitution of an adequate reserve found.

12. Organisation of non-credit societies to be encouraged (Sale of produce, cattle insurance, etc.,)
The movement recorded big expansion between the periods from 1912 to 1921. In 1911-12 the total number of societies in India was 8177 with membership of 4,03,318, which increased to 52,182 and 19,74,290 respectively in 1920-21. Working Capital increased by 411% certain noteworthy experiments in agriculture non-credit Co-operation were also made during the period.

In 1919, there were 28,000 societies with 11 lakh members and Rs.15 crores as working capital. The progress can be said to be quite repaid, through the qualitative aspect was not very encouraging.

THIRD STAGE: 1919 TO 1929

Under the reforms of 1919, Co-operation became a transferred subject, under the charge of a minister in each state. During the early years. Co-operation made a repaid progress in various states, Bombay gave a lead by passing. The Bombay Co-operative Societies Act in 1925, incorporating provision to suit local conditions. Various states appointed commissions of enquiry to judge the progress of the movement. The Royal Commission on Agriculture was set up during this period. If examined problems relating to agriculture and stressed the need of co-operation for implementing the programme of agriculture development. The Commission brought out strong as well as weak points in the movement. If found that whereas there were outstanding examples of benefit accruing from the application of co-operative principles of local problems, there were serious drawbacks visible in the movement. The Commission sounded a note of warning in its famous words. "If Co-operation fails, there will fail the best hope of rural India".
Expansion of the movement till 1929, was satisfactory as is clear from the following table 2.1.

**TABLE 2.1**

**CO-OPERATIVE MOVEMENT TILL 1929**

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Societies in thousand</th>
<th>Membership In lakhs</th>
<th>Working Capital Rs. In Crores.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1920</td>
<td>28.4</td>
<td>11.3</td>
<td>15</td>
</tr>
<tr>
<td>1929</td>
<td>94.0</td>
<td>37.0</td>
<td>75</td>
</tr>
</tbody>
</table>

**FOURTH STAGE: 1929 TO 1939**

In 1929, the world economic depression set in and gave the movement a rude shock. Funds with the movement were invested in loans, to agriculturists. With a fall in prices, the mile—stone of debt come from the back of the cultivator with a much heavier weight in his neck. Thus the overdues in the societies mounted up and liquidation of societies had to be restored to in certain areas. In Punjab, the Haryan area was the worst affected Liquidation of Societies and recoveries through the process of law were carried out to the great disrepute of the movement. In Bombay as many as 15,000 cases were referred to arbitration. By 1938, about 93% of loans became overdue. The number of societies in the State which stood at 5,896 in 1930 – 31 came down to 4,857 in 1935 – 36. In U.P. more than 50% of the Societies went into liquidation during their this period.
FIFTH STAGE: 1939 TO 1947

From 1939 onwards, prices began to rise as a result of which the movement got a good fillip. The following figures show the progress of the movement during this period.

TABLE 2.2

THE PROGRESS OF THE MOVEMENT DURING 1939 TO 1947

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Societies in thousand</th>
<th>Membership in lakhs</th>
<th>Working Capital Rs. In crores</th>
</tr>
</thead>
<tbody>
<tr>
<td>1943</td>
<td>116.9</td>
<td>60.0</td>
<td>104.6</td>
</tr>
<tr>
<td>1946</td>
<td>172.0</td>
<td>91.6</td>
<td>164.0</td>
</tr>
<tr>
<td>1947</td>
<td>139.0</td>
<td>91.0</td>
<td>156.0</td>
</tr>
</tbody>
</table>

As a result of high prices most of the overdue, which had accumulated during the period of depression, were cleared off. Overdues fell by 60% during the period. Demand for further loan also decreased greatly. So much so that the co-operative banks, including the land mortgage banks, were faced with the problem of surplus funds. Deposits in primary Societies also increased from Rs.25 crores in 1989-40 to Rs.54 crores in 1945-46.

CONTROL PERIOD

Due to the imposition of controls on the distribution of commodities, distributive Co-operatives began to be organized all over the country. There was a marked growth of marketing societies also. Thus the co-operative movement, which was almost entirely a credit movement so far, started diversifying its activities.
ADVANCEMENT OF CO-OPERATIVE THOUGHT

An important landmark of this period was the setting up of the co-operative planning committee, which drew up plans for the development co-operative movement in various spheres. If fixed targets of bringing 50% of villages and 30% of population into the fold of co-operation in 10 years period. It also fixed the target of marketing 25 percent of agricultural marketable surplus through co-operative marketing societies.

PRINCIPLES OF CO-OPERATION

Co-operative Principles have been formulated on the basis of experience gained by the workers in the Co-operative movement in various countries. The first to state the Co-operative principles were the Rochdate Pioneers, A Committee set up by the International Co-operative Alliance in 1937 stated as the following as the Rochdate principles.

a. Open Membership

b. Democratic Control

c. Limited interest on capital

d. Distribution of surplus to members in proportion to their transactions.

e. Political and religious neutrality

f. Cash trading

g. Promotion of education
Above principles were formulated mostly from the point of view of consumer's Co-operative. Moreover, conditions since then have changed and co-operative movement in working in the control of different socio-economic conditions obtaining in various countries. The international Co-operative.

Congress held at Bournemouth 1963, appointed 1963, appointed a Commission in formulate the fundamental principles of co-operation. The Commission, which was headed by Prof. D.G.Karve, recommended that the following should be considered as essential to genuine and effective Co-operative practice.

i) Voluntary and open membership

ii) Democratic Control

iii) Limited interested on share capital

iv) Patronage dividend

v) Promotion of education; and

vi) Mutuality

I) Voluntary And Open Membership

In the words of commission "Membership of a Co-operative society should be voluntary and available without artificial restorations of any social, political and religious discrimination to all persons who can make use of its services and are willing to accept
the responsibilities of membership. Co-operative institution is essentially a voluntary organization and there is no compulsion on any one to join a co-operative society or having once joined it to continues as such.

Side by side, Co-operation being essentially a movement with a social purpose, it is necessary that all eligible person should be welcome to join the society whenever they so desire. The commission remarked that “the society should demand from its members no others allegiance or loyalty than what is owned to itself and its own democratic decisions and shall admit all who are prepared in good faith to give their allegiance. “However, the members also owe a duty to the society. They should not bring to bear upon the decisions of the society their religious or political interest. While sitting in the meetings of a society its members should give their opinions, objectively, the only consideration being the interest and welfare of the society and its members.

While the society should follows the principles of open membership, these should be no objection to its prescribing certain qualifications. The Mirdha Committee of Co-operation also considered this question and remarked that “a society must keep its door open for the admission of all persons who desired to join it provided that they have common economic interests ... open membership does not mean that anybody can demand right of admission to any co-operative society.

Side by side, it is desirable that a member of a society should avail of the services, which the society is capable of rendering. A member who cannot avail of the service of the society or does not intentionally avail of them has no justifiable claim to remain its members.
(ii) Democratic Administration

Describing the principles of democratic control, the Commission observed. "Co-operative Societies are democratic Organisation. Their affair should be administered by persons elected or appointed in a manner agreed by the members and agreeable to them. Members of primary societies should enjoy equally the right to voting (one member – one vote) and participation in decisions affecting their societies. In other than primary societies, the administrations should be conducted on a democratic basis in a suitable form". The Rochdale Pioneers laid down the principles in the following words.

(a) "Let each member have only one vote and make no distinction as regards the amount of wealth any member may contribute."

(b) "Let majorities rule in all matters of government."

(c) "Let Committees of management always have the authority of the members before taking any important or expensive step".

(d) "Choose only those for your leaders whom you can trust and give them your confidence."

The above statement explains how the principles of democracy is to be applied in practical working.
(iii) Limited interest on capital

The principle of fixed interest on capital was earlier advocated by Robert Owen, and the Richdale pioneers adopted this principle in their society, "they were, however, evidently fearful that this practice of paying interest on capital might lead them astray into the evil practice of capitalism; and they were accordingly at pains to limit the amount of capital which any member could hold."

The attitude of the Co-operative movement to the use of money is that it should be servant and never allowed becoming master. Capital is just regarded as a factor and so paying a fixed interest remunerates it. This payment is not out of fairness, but solely out of necessity. So long as Co-operative functions in a society where looms must be paid for, it is inevitable that the movement should pay a fixed interest on its capital.

The idea invoked by this principal is that capital should not be a source of profit. Therefore the 1937 congress described this principle as a corollary to the elimination of individual profit making through the method of dividing the surplus in proportion to the contribution of the members to its production.

The 1937 committed worded this principle as "Limited interest on capital", this could give the impression that payment of interest is obligatory. But in fact, there is no compulsion, as a principle, to pay interest, the commission of 1996 has made this point quite clear. "These is no Co-operative principle which obliges interest to be paid. This principle is that, if interest is paid on share capital the rate should be limited and fixed".
This limitation of interest should, in the opinion of the commission, apply not only to the minimum shareholding prescribed in the rules of a Co-operative but also to any additional share capital subscribed above this minimum.

Many Co-operatives like German Consumer's Co-operative pay no interest on qualification or membership shares held by their members. Therefore the 1966 commission revised the wording as "Share capital should only receive strictly limited rate of interest, if any". The last two words are probably added to indicate explicitly that the payment of interest is not compulsory. The revised that is, therefore, realistic and satisfactory.

(iv) Patronage Divided

It was long support that the Rochdale Pioneers were the original inventors of the device of divided on purchases. Now a day's it is agreed that this device was first applied in the Lennotoun society of Scotland in 1812. The leaders of Owenism frowned upon this device, because they wanted those surpluses, if any should be used for the formation of Co-operative communities instead of being handed back to the members.

Though Owenism inspired the Rochdale Pioneers, they were practical men so decided to adopt the device of divided on purchase in order to offer the members some immediate advantages. The British wage earner's economic position in the "Hungry" 1940's needed relief then and there. It would not permit than to make sacrifices for a distant community ideal. Further, the pioneer's decisions to divide the surplus in proportion to member's purchase was an out come of the price policy chosen by them. They chose to sell goods at current market rates, as this would
administratively be earlier and simpler than sale at cost prices, costs and expenses being difficult or impossible to precost accurately. They also wanted to blend the edge sharp opposition of private traders, which the new system of Co-operative provoked.

The 1.C.A. Committee of 1937 laid down “the divided on purchases was to be regarded as the basic principals of our Co-operative economic system and the pivot on which the non-profit making organisation of commerce and industry reveres”.

But considering the varied development of Co-operative enterprises, the committee redefined this principle as the principle of the distribution of the surplus amongst the members in proportion to their contribution to the operations of the society—whether by purchases, deliveries of produce or labour”. This is wide enough to cover marketing societies.

This principal is based on the idea of equity or distributive Justin. This is a natural corollary to the egalitarian principle of open membership. The principle is not in the payment of divided itself, but in the method of paying it i.e. in proportion to each member’s transactions.

Professor Paur Lambert has explained the implications of this principle in an excellent manner. The vital features of the divided principle is a negative one, i.e. the ban on any distribution of the net surplus in proportion to the capital contribution … Co-operative theory bases itself on the individual (instead of on capital) in its attitude towards authority and the distribution of the surplus; authority derived from the principle of one an one vote. While the distribution of the surplus gives each member a share proportionate to the part he has played in the work of the Co-operative… Thus the link between the two principle is in their common emphasis on the individual.

The real principal underlying the idea of divided is the provision of goods and services at cost rather than for profit. Divided is simply the method of returning any overcharge to members.
The commission of 1966 demolished the nation that these is anything sacred in the idea of pay divided out of surplus members, as a matter of prudence may choose to use the surplus the development of the business of the society or for common services. But if they decide to distribute it among themselves, it should be done so in proposition to their transactions with the society and not in a manner as one members gaining as the expense of others. Thus the commission has emphasised the principle of equity in distributive justice

(v) Promotion of Education

The Commission remarked that “all Co-operative societies should make provision for the education of their members, Officers and employees and the general public in the principles and techniques of co-operations, both economic and democratic.

“In fact, the principle of publicity has existed from very early days of the movement. A Co-operative society is voluntarily organization and members cannot be kept together by compulsion. Publicity of co-operative principles is the only alternative. In order to secure intelligent participation of the members in the working of Societies it is necessary that continuous system of education be evolved and members kept informed of the decisions and activities of the society.

A Director of the I.C.A once remarked: “It has been said that co-operation is an economic movement employing educational action”. The statement would be no less true if it were reversed “Co-operation is an educational programme employing economic action “The Rochdale Pioneers laid great stress on the continuous education of the members and ever began to set aside a fixed sum of the surplus for education purpose.

(IV) Mutuality
Explaining the principle of mutuality, the commission observed: “All Co-operative organisation in order to best serve the interest of their members and their committees should actively co-operate in every practical way with other co-operatives at local, national and international levels.” Co-operation implies an enterprise A who are financially weak individually and cannot derive material advantage which rich people with all their resources and connection in can. In order to convert their weakness into strength the members pool their resources and work together for mutual benefit. The mutual and is in fact, a means of self-help because if members work for one another’s good the ultimate benefit which will come out of the collective efforts will be shared by all participants in the venture.

This principle of mutuality between individuals applies with equal force to the Co-operative institutions. Like individuals, co-operative institutions should also try to draw advantage out of the bigger pool of resources created by the common efforts of all concerned. Weaker societies standing individually will naturally not be able to withstand completion form the growing private business concerns. It is only by pooling their resources with others that they can strengthen their position. Greater Co-ordination and ever integration vertical as well as horizontal between co-operative societies is, therefore, necessary and the commission has thought it advisable to alleviate this necessity to the position of a principle.

STRUCTURE OF INDIAN CO-OPERATIVE MOVEMENT

Co-operative societies may be classified in various ways.

(1) Credit and non-credit (this obtain in Madras)
(2) Producers, consumers, and Resource Societies (this obtains in Bombay)

The structure of co-operative movement in India has taken the pyramid shape. From below, it starts with primary societies (with individuals) and then stage by stage it goes up to the apex level. The societies at bottom form societies at the next stage of federation. The letter on their turn from the next higher society. It is the affiliated societies which control the policy of the federated societies formed by them.

Apex Societies (at the top)

/

Central Societies (at District level)

/

Primary Societies (at bottom)
SO FAR AS CREDIT IS CONCERNED, THE STRUCTURE IS LIKE THE FOLLOWING

CREDIT

<table>
<thead>
<tr>
<th>Short Term and Medium Term</th>
<th>Long Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short Term and Medium Term</td>
<td>Long Term Credit</td>
</tr>
<tr>
<td>Credit</td>
<td></td>
</tr>
<tr>
<td>Provincial Bank (Apex)</td>
<td>Central Land Mortgage Bank (Top)</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Central Bank (District Level)</td>
<td>Primary Land Mortgage Bank (Bottom)</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary Societies (Bottom)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Rural</td>
<td>Urban</td>
</tr>
</tbody>
</table>
(A) Credit

Types of Credit Societies

(i) Rural - Old Unlimited liability type of Credit Societies, Grain Banks, Agricultural Banks, Large – sized Credit Societies, Service Co-operatives.

Rural Credit Societies

For long term – Land Mortgage Banks (with offices in District Headquarters)

(ii) Urban - Town Co-operative Credit Societies like People’s Bank Salary earners Co-operative Societies.

Labour credit societies (mostly in Bombay)

Industrial Co-operative Banks (mostly in Bombay)

(iii) Central Co-Operative Banks

(iv) Provincial Co-Operative Banks
(B) Producer's Co-operative Societies

(i) Agricultural Producers
   a. Farming Societies
   b. Agricultural marketing societies

(ii) Industrial Producers –
   a. Weaver's Societies.
   b. Other Artisan's Societies like Fishermen's Societies, etc.,
   c. Industrial Marketing

(C) Consumer's Co-Operative Societies

   Primary, Central, Provincial Societies as in Madras

(D) Miscellaneous other types of Societies

(i) Housing and Colony Co-Operative.

(ii) Milk Supply Societies.

(iii) Motor Transport Societies.
(iv) Labour Co-operative Societies
   a. Labour Credit
   b. Labour contract
   c. Forest Labour
(v) Women’s Co-operatives (mostly industrial)
(vi) Displaced person’s and Refugee’s Co-operatives.
(vii) Servicing Co-operatives –
   a. Better living societies.
   b. Health Co-operatives
   c. Education Co-operatives
(viii) Co-operative Insurance Societies.

Co-operatives in Foreign Countries.

Credit movement in Germany

Germany is the birthplace of Co-operative credit movement in the world. In India, the inspiration for the Co-operative movement came largely from Germany. Mr. Fredrick Nicholson, who was sent to Europe to study the working agriculture banks and suggest measures for the introduction of Co-operative movement in India, based his
recommendations mostly on the pattern of credit societies in Germany. His important advice to India Co-operators. “Find Raiffesien” explains for itself importance he gave to the Raiffesien system of credit as a means of solving problems of indebtedness.

If were the same patent circumstances, famine, poverty, exploitation and indebtedness, which necessitated the introduction of a new idea in Germany in the middle of the nineteenth century. The working classes in the country were heavily under debt and were greatly exploited by the money-lenders. Mostly, trade was also in the hands of Jews and the farmer's bought their requirements as well as sold their produce through this class. It is reported that almost every house and fairland was encumbered with debt. To add this, famines occurred frequently when such was the condition around two pioneers, Mr. F. W. Raifferison and Mr. Aermann Schulze. Moved by the miserable condition of farmers and labourers. Started making experiments with various methods of relief, Mr. Aermann Schulze (1808-1883) was a judge and the mayor of Delitzsch. In 1849, he founded his first friendly society of shoemakers with the object of making, purrlhouses of raw material in bulk and supplying it to members. In 1850, he founded his first credit society in his native town. Its objects was to raise funds to be but to its members. The number of his banks grew rapidly and in 1861, he called a congress of his banks, which resolved to set up the general union of German industrial societies. He remained its Director till death. He also secured in 1867 the first Co-operative law from Prussia, which was extended to the whole of Germany in 1889. At the time of his death these were 1926 people's banks.
RAIFFEISEN BANK

Raiffeison is one person to whom the Co-operative movement over the maximum. His appointment as a mayor of weyber buch brought him in touch with the poverty-stricken peasants on the one hand and the greedy moneylenders on the other. These were near famine conditions in the commune. He approached the government and get some grain on loan. To meet the difficulties of transport he motivated the people to harness grains ledges to their villages. The order to seduce the cost of banking bread he installed poor people committee also made recoveries of LAN after the specified period.

On his transfer to flammerssbled commune, he organised in 1849 the "union of aid of impoverished farmers" in which needy farmers joined as members. The union raised fund and the recusily of the well to do persons of the locality, whom raiffeised had persuaded too staid as sureties. The union was a grad success and a number of farmers were saved from the clutches of usury.

The work of Raiffeison was not so smooth as it looks now. It is the people who were mostly illiterate looked upon imtested ideas with great suspicion and the initial zeal he was able to create among the benefactors would soon dwindle. He however, never lost heat, Biblical saying "in as much as you have done it to one of the least of these by brethren, you have done it to me" was his guide. His an was not merely to do some welfare work. It was to layer out god's command to make himself on the moral expects of the working of societies and the maximum stress on the moral aspect of the working of societies and the concept of self-help, mutual help, social equality, non-profit motive, joint liability, all emanated from his teachings.
NATIONAL COLLAPSE OF 19465 AND AFTER.

After the German defeat in 1945, the country was divided in German Democratic Republic and Federal Public of Germany. Co-operative movement also developed on different lines in these two countries, these two parts of Germany again started United. However, the pattern of Co-operative development continues as follows at least for the time being.

GERMAN DEMOCRATIC REPUBLIC (GDR)

Co-operative movement in GDR comprises mainly of Co-operative farms and Consumer stores.

CO-OPERATIVE FARMS

All members work on the farm and get monthly wages. Normally a worker gets 18,000 to 20,000 marks per year as wages. At the end of the year members also get bones on the basis of profits earned by the farm. In case a member leaves the farm, In ceased to be a member and gets on share in the income of the farm. On the other hand any GDR citizen who is desirous of working on the form can joint it as a member.

The Government at fixed rates purchases all farm produce. Surplus in the farm is generally invested for future development of the farm, purchase of new machines and for providing amities to the members.
CONSUMER CO-OPERATIVE

Co-operative has set up about 400 big and small industrial units providing variety of consumer articles. Their annual turnover comes to about 5 thousand million marks.

The management of consumer's Co-operatives in GDR is comparatively easier because the Government arranges all supplies. The Government also fixes prices of all commodities. The margins of the societies are also thus fixed. The societies follow modern sales techniques with a good display.

WEST GERMANY

In the federal Republic of Germany, Co-operative has developed in a variety of field and can be grouped under four major heads.

1. Rural Societies
2. Urban Societies
3. Housing Societies
4. Consumer's Societies

1. RURAL SOCIETIES

The most important group of Co-operative organisation is the rural agricultural societies organised on Raiffeisen model. These societies combine in themselves the work of providing credit, supplying agricultural requirements marketing of crops and processing of produce.

2. URBAN SOCIETIES

In the urban areas, schutze types Co-operative have developed with membership drawn from retailers, restaurant owners, doctors, druggists and others. The
Co-operatives serving as wholesalers is a special feature of west Germany. Such societies have a central organisation bearing the name 'EDEKA'. EDEKA enjoys the full support of the members in the sense that the retailers who are members are getting all their supplies through these societies. Other societies in the group provide credit mainly to non-farming people. Some of them are artisans supply and marketing Co-operative societies also.

3. **HOUSING SOCIETIES:**

Housing Co-operative form the third group in the movement. There societies construct house for the their members with the fineries from the members as well as from the Government. A very large number of Co-operative housing societies are working in Berlin. One of the owns the tallest building in west Germany.

4. **CONSUMER SOCIETIES:**

The last group is of consumers Co-operative consisting of 212 societies with trade of over 3,000 shops. Hamburg consumers Co-operative called 'PRODUCTION' with a membership 2.4 lakhs and sales during 1973 annotating 4.20 crores in the biggest societies.
Consumer Movement in England

Co-operative movement in England, which has shown light to the whole world was the brainchild of an exploited class of persons during the industrial revolution. In the second half of the 18th Century condition in agricultural and industry in England, could be compare with those in any under-developed country. Agricultural was carried on for subsistence by primitive methods. Industry was confined to small artisans, working in their cottages.

During the hundred years ending in the second half of the 19th century, far-reaching charges took place. The small fields change ownership from farmers to big capitalist cultivators.

Robert Owen

Amidst this turmoil emerged a number of reformists who tried various means to improve employer-employee relations. Robert Owen was one of them. He was born in 1771 at Newton. In this early days he worked as a labourer in factories and shops and fully experienced the lot of this class of people. He invented small spinning machines also. His ideas were based on a philosophy of which Owen himself was the author. His put together has been named the doctrine of circumstances.

Owen started his practical work by introducing reforms in his own factory. He reduced the hours of work, increased wages, abolished child labour and provided housing colonies. Robert Owen then introduced the scheme of “Labour Exchange”. These exchange, however, were soon glutted with unassailable articles and failed.
ROCHDALE PIONEERS:

One afternoon in 1843, 28 weavers, atleast half of them whom were Owenites, met in the chartist hall. It was decided that they should start a store, where in all sales would be made on each and at market rates and only such members would be made on each and at market rates and only such members would be made on each and at market rates and only such members the store made a speedy progress. He formed the principles of Co-operative.

Retail Societies

Consumer's retail societies are the most important in the British Co-operative Movement judged by the public support, financial strength and continuity. In 1990 these were 1,400 Co-operative retail consumer's societies. By 1986, their number had come down to only 125 because of mergers. Membership of these societies was 9.6

Co-operative Movement in Ireland

Co-operative movement in Ireland has developed mainly among the farmer. As in England, the system of Ownership of land in Ireland, in the last century, was baronic. Big landlords owned the land and farmers had the status of mere tenants who were generally rack rented and exploited by the owners. In the same baronic system, fitted very well the "Gombeenman". He was a multi-purpose man catterting to the various needs of the farmers.

Condition of the farmers worsened to such an extent that the Government had to take legislative measures to remedy it.
Having been so liberated, the farmers began to develop their system of farming. The main occupation of the farmers came about to be the rearing of milch cattle, mainly cows, and selling their milk and butter in open market. England was the main market for their butter.

At this critical hour there appeared on the sense a brilliant youngman named Plunkett. He was the son of an Irish landowner. Born in 1854, he was a great social worker and became an extremely popular leader of the masses. He was also elected a member of the Parliament in 1892. Having been inspired by the consumers’ Co-operative movement of England, he thought of introducing the co-operative methods of work in all walks of life among the Irishmen.

Co-operative was introduced among the Irish farmers by the organisation of the first co-operative creamery in 1889 with efforts made by Horace Plunkett and his friends. The first co-operative creamery of any importance in Ulster was established at Omagh. The number of such societies increased rapidly and by 1894, there were 60 such creameries in Ireland. During this very period new types of societies, viz., agricultural supply societies for the joint purchase of seed and manure, co-operative stores and credit societies were also organised.

In Ireland the State has been instrumental in the development of the co-operative movement, through its Department of Agricultural and the Technical instruction which was established on the report of the Recess Committee in 1986. This department has been giving grants-in-aid to the IAOS. The most outstanding contribution of the department to the co-operative movement was made on the passing of the P. Hogans’ Creamery Act, 1928.
Although Ireland remained neutral during both the wars, it could not remain away from their effects. Prices of every thing bounced sky-high and the pockets of farmers bulged with money. Their products brought in tonnes of money. They often said, "We shall never see the poor day" but in 1921 the post-war slump did —come and its effect on societies was disastrous. Their stock depreciated in value and loans could not be recovered.

During the Second World War the Irish Industry again got setback. Due to short supply of wheat from outside, the farmers began to take more interest in the production of wheat than in the maintenance of their milch cattle. Milk supply was thus reduced by 6 to 15 percent and many creameries underwent a loss. After the war, however, steps were taken re-organise the industry. More than usual attention is being paid towards the breeding and feeding of cattle. Artificial insemination has been taken in hand on a large scale. In 1965. Committee of enquiry on Post –Emergency Agricultural Policy was appointed. On its recommendation a five-year plan for the re-organisation of the dairy industry was prepared. The plan was greatly successful and increased the efficiency of the industry.
Co-operation in Canada

Canada occupies almost the whole northern part of the North American continent. It has a total area of about 4 million sq. Miles, which it the world's second largest country in size and three times as big as India. The country is divided into ten provinces and two central territories. The population of the countries is however, proportionately small. In 1961, it had a population of little over 18 million of which about 45 percent was of British origin, about 25 percent of French origin and the remaining comprised different European ethnic groups. The northern area of the country inhabited by Eskimos and Red Indians.

The Co-operative movement in Canada plays an important part in the agricultural economy and has particularly helped the farmers in the Prairie Provinces in marketing their wheat and other agricultural products as well as in the procurement of essential agricultural requisites. The movement serves about 40 percent of Canada's rural population. There were about 2500 Co-operative societies of all types in Canada at the end of July 1964, with a total membership of about 18 million. Marketing and purchasing Co-operative were the most important group with over 1500 societies followed by services Co-operatives numbering 659. The third largest group of fishing co-operatives had 80 societies. In addition, from the Co-operative movement, which is generally regarded as distinct and the urban workers in meeting the credit requirements.

Because of the community life of the pioneers, instances of Co-operative activity could be found in the very early period of Canadian history, but formal efforts in the direction began to be made about 1870. Since agricultural has remained always an important occupation of the people, the first Co-operative institution developed among the framers.
Successful organisation was developed on the marketing side. Prior to 1900, the marketing of agricultural produce was entirely in the hands of private companies. They purchased grain from the growers, arranged its transport and export it to other countries. They owned grain-storing elevators and held monopoly for the use of platforms for loading railcars and ships.

In 1919, the Government set up a Wheat Board, which took over the whole export work of food grains.

The wheat pool is a form of organisation dedicated to the improvement of the social and economic condition of the farm families.

The wheat pools market the produce through their central selling agency direct to the customers, by-passing the speculative markets as far as possible.

The pools and their central selling agency worked with great success till the depression of the thirties set in. During this unprecedented emergency, the price of wheat touched its bottom and the pools were unable to sell their stocks even at the floor price, which they had already paid to the growers.

The Wheat Board enters into wheat-supply agreements with other countries in advance and is thus able to ascertain the quantity to be supplied during specified periods as well as the price at which it is to be sold. On the basis of these agreements it announces the initial payment, which the produce. Final payment is made on receipt of payment from the importing countries. The Government has also accepted the policy of price support for wheat.
In the province of Manitoba, there are local associations having individuals as members. The areas of operations of each such association are further affiliated to regional institutions, which in turns are affiliated with the Manitoba Wheat Pool. In the associations are directly affiliated to the provincial Pool. In the province as Saskatchewan and Alberta, wheat pools have individual members. There are no local associations. The pools have a membership of 1-5-lakh farmers.

Funds are raised (i) shares (sometimes preferential shares are also issued. They do not carry a right of vote); (ii) loans from credit unions, banks and Government; (iii) loans obtained from banks on Government guarantee; and (iv) revolving funds. The pool instead of paying dividend in cash each year credits it to the respective member’s deposit account. This deposit is returned after 5 with interest. The system places sufficient funds at the disposal of the institutions.

The Co-operative wholesale societies are topped by a national organisation namely Inter-provincial Co-operative Ltd. This is a central supplier to Co-operative wholesale societies and has its headquarters at Winnipeg.

The most important among the wholesale societies is the Federation Co-operative Ltd. This Federation serves the two provinces and has over 260 consumers and supply primary Co-operative as its members.

(i) FERTILIZER PLANT:

A gigantic fertilizer plant named. "Western Co-operative Fertilizers" has been established at Calgary, Alberta, jointly by the Federated Co-operatives Limited, the Saskatchewan Wheat Pool and the Alberta Wheat Pool. The Factory stated
working on October 1965. Its annual production is 2.25 lakh tons. Distribution of fertilizers is made through the retail affiliated societies. In the first year working it had sales of about 13 million dollars.

(ii) **FEED PLANTS**:

The Federated Co-operative Limited owns three feed processing and pelting plants at Saskatoon, Edmonton and Calgary. The last one was completed in 1996. Share of the Co-operative in the feed market in 1966 was as under:

- Manitoba 16'4%
- Saskatchewan 47'5%
- Alberta 6'6%

Position in Alberta has further improved with the erection of the Calgary plant.

(iii) **OIL CO-OPERATIVES**:

Oil production, refinery and distribution complex consisting of oil distribution societies at the base and the Consumers Co-operative Refineries at the top have a proud history of development and needs a special mention. The average holding in Canada is about 500 acres. Cultivation is, therefore, carried on by machinery. On average, every 200 acres has a tractor. Besides, trucks and other farm machinery is in use. Petroleum is thus a major item in farm requirements. In early thirties, grain prices fell to all-time low and in order to bring down the cost of cultivation, the farmers demanded a reduction in the price of petroleum. Individually, they could not do much in
this direction. They, therefore, decided to do something collectively. In Regina Planes, the consumers of petroleum organised oil co-operatives. These associates purchased oil in bulk from the refineries and distributed it to members.

(iv) **FOREST PRODUCT SERVICES**:

The Federated Co-operatives Limited owns a big lumber mill Canoe. Close by a new plywood plant was set up in 1965. Annual output of the plywood plant is 40 millions sq. ft. of plywood. Lumber and plywood are distributed through affiliated retail societies. Most of the lumber and plywood is used as a building material. The retail societies provide planning and drafting services as well.

(v) **WAREHOUSES**:

The Federated Co-operatives Limited owns a large number of big warehouses at important places where distribution operations in respect of lumber, groceries, hardware, food petroleum and dry goods, etc., are undertaken.

(v) **FOOD AND OTHER BUSINESS**:

The Federated Co-operatives Limited also deals in articles of food, meats, drugs, dry goods, hardware, etc. In 1966, its volume of business in food including flour reached 33 million dollar mark.
**FINANCIAL REVIEW:**

**TABLE 2.3**

The following table indicate progress of the societies since it was established.

<table>
<thead>
<tr>
<th>Progress of the Societies</th>
<th>1956</th>
<th>1960</th>
<th>1966</th>
<th>1977</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members Shares</td>
<td>12,739</td>
<td>19,059</td>
<td>27,776</td>
<td>89,771</td>
</tr>
<tr>
<td>Long-term loans received</td>
<td>9,711</td>
<td>1,102</td>
<td>23,993</td>
<td>NA</td>
</tr>
<tr>
<td>Total sales</td>
<td>53,817</td>
<td>76,456</td>
<td>121,691</td>
<td>781,735</td>
</tr>
</tbody>
</table>

Total sales during 1977, amounted to $762 million as against $174 million in 1967. Net profit in 1966 amounted to 5 million dollars, which rose to $15 million in 1977. Total assets of the society at the end of 1977 amounted to 150 million dollars as against 64.5 million dollars in 1965.
SERVICE CO-OPERATIVES

Unlike the service co-operatives in India, societies bearing this name in Canada offer services such as generation and distribution of electricity, provision of medical assistance to the members and also the provision of services like housing, transport, telephone, exchange, seed cleaning, cold storage, skating rinks, and water works. In 1957, there were 770 such societies with membership of 25 millions. Their total assets amounted to 72 million dollars, out of which value of plant and machinery accounted for 64 million dollars.

FISHERMEN'S CO-OPERATIVES

Fishing is an important occupation of the people in the coastal areas. Fisherman in early years caught fish and sold it to privately owned processing and preserving plants. In this transaction they suffered heavily because of the exploitation indulged in by the factory owners. They were paid at the minimum price and weighments were highly defective. The fishermen soon resolved to improve their lot by organising themselves into co-operative societies. By 1949, one hundred fisherman societies were reported with a membership of 16,306.

By now, these co-operatives have amalgamated into 13 large Co-operatives only.
Collective Farms in Russia

Russia also has made good progress in the field of co-operation. The movement began there in the later half of the nineteenth century, when the news of Rochdale pioneers traveled across the sea. First attempts were made in 1864, when some Co-operative stores and credit societies were organised.

Progress was maintained till the great revolution of 1917. During the revolution, the workers seized Co-operatives premises like the private concerns but in 1918, Lenin called a halt and declared that "The Co-operatives are the only organisation in capitalist system which is good"

Labour Artels can be said to be the earliest form of Co-operative activity in Russia. According to the Russian law an 'Artel' is defined as "an association formed to carry on certain industries or render personal services on the joint responsibility of the members of the artel and on their joint account".

Credit Co-operative societies were set up in the country to flight the evil of moneylenders. Their objects were to create the habit of thrift among members and grant loans to them for agricultural requirements. To begin with some loan and saving societies were organised. They secured their initial funds from the member in the shape of share capital.
Early consumer's societies were organised in the second half of the 19th century when the news of Rochdale Pioneers reached Russia. These societies, however, succumbed to the movement during the famine of 1981 when prices rose very high, profiteering increased and commodities went into the black market. During the Japanese war (1906-1911) these societies got a further fillip because of the conditions prevailing in the country.

**Collective Farms in Israel**

The Holy Land of Palestine has always been considered as their permanent adobe by the Jewish families scattered all over the world. They ultimately established on 15th May, 1948, the State of Israel. Immigration into Israel gained momentum after 1948. Whereas in 1948, the population was only 6 lakhs, today it is more then 2.4 Million.

**Size of the Co-operative Movements**

In the beginning of 1983, there were 1955 Co-operative societies in Israel, out of which 1399 were agricultural Co-operatives. Housing societies numbered 194, provident fund societies 156. The Co-operative activity represents 18% of the national economy. In agricultural field, co-operatives cover more than 58% of production. Agricultural Co-operatives are mainly of three types namely:

1. Kibbutz - Collective village
2. Moshav Ovdim - Worker's settlement
3. MoshaAv Shitufi - Co-operative settlement
Regional Development Block

Regional Development Block is a concept, which was evolved during 1960. A cluster of Co-operative villages organised a regional council which, apart from dealing with matters of common social and economic concern, also set up large urban centres which served as an industrial base and marketing outlet. Common service like hospitals, high schools, theatre, etc., are also set up in these urban centres to serve the entire region.

Basis of Success

Co-operative farming and living was adopted in Israel because of:

(a) a desire of mutual aid actuated by national affinity;

(b) pioneering zeal in the immigrants to uplift their home-land;

(c) lack of technical and farming knowledge in the immigrants;

(d) lack of resources and experience necessary to reclaim large areas of barren land; and

(e) mutual protection from hostile Arabs.

Success of the movements in Israel is due to the fact that the settlers with a clean slate. They were educated persons and those who had come from Russia came with an experience of collective farming.

Co-operation in Ireland has not felt satisfied by merely making scattered experiments. It has been instrumental in the national revival and if in any country, it has become a way of living, it is in this country.
In terms of increase in agricultural production, the settlements have shown remarkable results. During the last 10 years, agricultural production has increased three-fold and the annual rate of growth is about 8 to 10 percent.

Co-operative Movement in Denmark

Denmark is a tiny kingdom, wherein a population of 5 million lives in about 43,000 Sq.km. The country is rather poor in natural resources and has no coal, iron, metals, oil, cotton or other raw material for industries. It is, however, fortunate in having a fertile soil. 75% of the entire area is cultivable. Annual rainfall ranges between 25 and 30 inches and is evenly spread throughout the year. The countryside is plain and its landscape is without high mountains or big depressions. Agriculture thus plays an important role in the economy of the country.

The problem of credit was solved by the credit associations, which began to be organised in the year 1850. Their organisation was facilitated by a special law, which laid down certain guiding principles. It also provided certain concessions and preferences for such associations. These associations were set up on the Prussian model of landshaften.

Next in importance are the saving banks. The banks are self-governing institutions owned by the depositors. A hundred years back, some respectable citizens provided the initial capital, which stood as a guarantee for the deposits of other members. The banks secure deposits from their members and pay a rate of interest in commercial banks.
AGRICULTURAL CO-OPERATIVES

For centuries the production of milk, butter and cheese has played its part in the economy of Denmark. It was, however, at the end of the 19th century that daring developed into an important industry.

The first Co-operative dairy was set up in Heeding with the efforts of young dairymen named Stilling Anderson in 1882, which still exists. Since then, the progress made by the Co-operative dairy industry.

Co-operative Bankers

About 40 such societies have been set up in all the bigger towns. The were set up in order to save the people from the exploitation of the private bakeries. The Co-operative bakeries have not only regulated prices but have also improved quality by making the breads very much nourishing.

Building societies:

These societies have been organised by bricklayers, etc., and they undertake building contracts from public and semi-public sources.

Productive societies:

The Danes have organised big productive societies. Some of the societies worth mentioning are the cutters and Tailors’ Co-operative Society for readymade clothing. The Co-operative Foot-wear Factory, Enigheden, Co-operative Dairy in Copenhagen and the Star Co-operative Brewery which in its size compares favorably with any brewery in the world.
Co-operative Movement in Italy

In the distant past the Romans had glorious days. They were the first to carve out the concept of citizenship and frame laws for governing the mutual relationship between citizenship. On the economy side also they were well advanced and their workmanship and craft occupied a foremost place in the world. Their glorious days were, however, short-lived and they failed to keep pace with the advancing world.

POPULAR BANKS

Luzzati started his work by organising a friendly society at Lodi in 1864-65. This society later became a regular Co-operative bank and still continues. In 1866, he started his first co-operative Bank at Milan. Its total capital was 700 lire (equal to £ 28, by Coincidence, the same figure with which the Rochdale weavers started their first Co-operative store in England). The society included in its membership mostly the friendship mostly the friends of Luzzati and he himself was the major contributor of funds. The success of these societies spread their reputation and soon the members of 'Banca Populare' as Luzzati called his bank, began on increase. At present these banks are very strong and the banking business done by them represents

LABOUR SOCITIES IN ITALY

One special branch of Co-operative, which was developed in Italy, was that of labour societies. Being a pioneer in this field, Italy has shown light to the world in this respect.

In the middle of the nineteenth century, the trade cycle in Italy was inclined towards a major slump and consequent unemployment. The condition of the labour
class was worst of all. Their earning were small and they were exploited fully by the contractors through whom they got their jobs. The hold of the contractor was reported to be so much that the workers were reduced more or less to the position of serfs.

**Scheme of Working :**

The objects of the societies are to provide employment to members and for that purpose to take public works. The societies undertake contracts for reclamation of lands, construction of roads and buildings, excavation, drainage, etc.

Unlike India, where technical side of works is supervised by the P.W.D proper execution of works from engineering point of view is the responsibility of the contractors in Italy. The societies, therefore, engage civil engineers, which examine the estimates and specification of the proposed works and after a contract is accepted direct is execution. Measurement and settlement of accounts is also made by them. They also fix the wages for the workers.

**Method of Work :**

Members are formed into groups of about 15 each. In order to have an effective control and discipline within the squad, one of the working members of the group is appointed its group leader. He gets about 1/3% of the wages paid to the whole squad in addition to his own wages. Overall control of the work is hands of a general director.

Care is taken that all members get employment on an equitable basis. If contract is not sufficient to provide work to all members, they are employed by rotation. If necessary, even non-members may be employed to execute the work.
Constitution:

Like other co-operative societies, labour societies of Italy are comparatively democratic bodies. Their management vests in the managing committees elected by the general bodies of member. Most of the powers of day to day work are vested in the managing committees.

Co-operative Movement in China:

History of co-operative in china is said to be a story of famines, floods, mutual quarrels and the Japanese war because all these factors individually as well as collectively have been the immediate causes of the introduction and development of the movement in the country. Since very old times mutual benefit and loan societies existed but they did not cover any significant field. It was in 1912 that Dr. Sun Yat Sen, the founder of the Chinese Republic, gave a load to the movement seriously. Immediately after taking up the reigns of government he set out to eradicate poverty of the people by organising the co-operative movement. With his efforts the Shanghai National Co-operative saving bank was set up in rural areas. The movement, however, got a spur from the severe drought of 1922, which led to a general failure of crops. In 1922, the international famine relief commission was set up in china and it submitted its report in 1924, in which it recommended the introduction of the co-operative movement, as a measure to improve the economic condition of the people. Thereafter, the provincial governments also started taking interest and appointed necessary staff for organising and supervising societies. These societies received financial assistance from the farmers' or bank of commercial banks. in 1921, a co-operative union was set up to encourage the development of the movement.
Industrial Co-operative in New China

The Indus-co movement which flourished during the nationalist regime exist in a very much modified from in the Chinese people's republic. Most of the old societies were liquidated during the change of the regime and almost the whole of the industrial co-operative movement had to take a fresh start in pursuance of the government directive.

The state policy includes the development of the cottage and small-scale industries on co-operative basis. The progress of the movement has been going on according to plan of the government an has been very quick. In 1950, there were only 311 industrial societies. In 1951, the number of societies rose to 1321, with a membership of 2,64,000. They produced goods worth 400 million yuan.

In 1983, there were some 62,000 handicraft co-operatives accounting for over 40 per cent of total national output of light industry and employing about 6.5 workers, i.e., half of the national total of light industry. Some 60 per cent of the output of these co-operative is for household use including clothing, plastics, furniture, art and craft, toys, hardware, electric appliances, furs, leather, stationary, farm implements.

Till the death of Mao in 1976, there was strict control of the state on these co-operatives. Instead of democratic elections, boards were nominated and all decisions were centralized at the top level. In 1979, these trends were reversed and co-operatives became voluntary agencies exercising decision-making powers without interference of public authorities. They now plan production according to their own assessment of market demand, of course, under the general guidance of the government. Co-operative
can now retain 70 percent of their profits against only 20 per cent allowed earlier. The co-operatives are now free to market their produce. Sales are made through their own retail depots, consumer shops, state shops, private shops or in export markets.

The societies are organised by the members to arrange joint purchase of raw material and equipment, to collectively market their produce and procure technical advice. Objects of the societies are to reduce manufacturing cost, improve working methods and promote sales, etc. These societies are divided among the members in proportion to the work done by them. If non-members in proportion to the work done by them. If non-members are required to be employed by the societies, they are first made members. All work is carried on in a joint production centre.

Government gives assistance to these societies. The tools and machines required by the societies are supplied at cheap rates from the government-owned factories. Free technical advice and managerial help is given. The state banks give loans at cheap rates and special tax-relief is given to co-operatives.

**Co-operative movement in Sweden**

Like other West European countries, Sweden is a comparatively small country with an area of 45,000 Km² and a population of 8.3 million (18.5 persons per Km). The small countries of Europe, however, tend to make big achievements and Sweden ranks next to none in the development of Co-operative movements.
Consumers' Movement

In the first half of the nineteenth century, Sweden was mainly an agricultural country and 75 percent of its population depended upon agriculture and subsidiary industries. The industry revolution, which first came in England, soon had its effect on this country also and by 1870, large-scale industries began to be set up.

Co-operative Sale and purchase:

21 sale and purchase associations have been organised by 1-45-lakh farmers. The associations have further organised the Swedish Farmers (SLR). The federated structure deals with the marketing of produce and supply of agricultural requirements. Agricultural produce sold locally as well as exported includes grains, cereals, seeds, potatoes and straw feed, 90 percent of the grain exported passes through these societies. The federation maintains a number of store-houses having a total capacity of 1 million tonnes, fitted with drivers and cleaners for collection and treatment of grain. The organisation also supplies agricultural requirements including fertilizer, feed, building materials, chemicals preparations, fuel, and oil, etc. the organisation is the biggest flour mill-owners and provides 35 percent of wheat flour requirements of the country. The S L R manufactures in its own factory feed mixtures for cattle, poultry, horses and pigs. It employs experts and has its own research department. The federation runs its own machine factory for agricultural implements. The total turnover in the organisations is of the order of 1955 million Kroner.
Co-operative Movements in Japan

For a student of Indian Co-operative movement, a study of the Co-operative movements in Japan is sure to be instructive. The socio-economic condition in Japan in the second half of the last century was, in many respects, identical with those in India.

Indian Co-operative have thus much to learn from the experience of the Japanese movement, especially from the practices they have evolved to meet the various local situations.