CHAPTER - II

ROLE OF CO-OPERATION
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2.1 MEANING AND DEFINITIONS

"Co-operation: is desired from the latin word 'Co-operari. "CO" means with and "Operari means to work. In other words, co-operation means working together with others for a common purpose. Thus there may be a team of cricketers or football players, where the members join to play the game; or there may be a friendly association or club where persons come together to do some work together in order to achieve some purpose, which may be rendering of social service, or going on a picnic or meeting together to have social acquaintances.

In its special sense, it means the system of people voluntarily associated working together on terms of equality to eliminate their economic exploitation by middlemen in respect of any economic need common to them, simultaneously themselves eschewing the economic exploitation of others, a method succinctly expressed by a nineteenth century advocate of co-operation in these words "I shall have my hand in no man's pocket and no man shall have his hand in mine". The object of co-operating in this way is the economic and social betterment of persons who so co-operate. Co-operation help these (weaker) persons to escape from such exploitation by enabling them to become their own lenders or merchants or employers or traders. It
helps them to gain the advantages of large scale operation, while maintaining their independence”. These people exploit their own economic need by means of an enterprise undertaken by them on the basis of mutual aid.

Some of the definitions are quoted, some are given below:

i) Seligman observes that “Co-operation in its technical sense means the abandonment of competition in distribution and production and the elimination of the middle men of all kinds”.

ii) According to C.F.Strickland “Every group of individuals, associated to secure a common end by joint effort, may be said to co-operate, for instance, a Football team; a gang of robbers, or the shareholders of speculative company. A century of history has given co-operation with a capital C a more precise meaning. It indicates the associations of individuals to secure common economic ends by honest means; it is also essential in many forms of co-operation, that the individuals possess a personal knowledge of one another”.

iii) Mr.Calvert defines it as “Form of organization wherein the persons voluntarily associate together as human beings on a basis of equality, for the promotion of economic interest of themselves”.

iv) According to Gordon and O'Brien “Co-operation is a special form of economic organization in which people work together for definite
business purposes under certain definite business rules. The root of the co-operative idea is a relation between business and ethics which in greater than the necessary commercial honesty of our present industrial system”.

v) Dr.C.R.Fay describes the co-operative society as “an association for purpose of joint trading, originally around the weak, and conducted always in an unselfish spirit on such terms that all who are prepared to assume the duties of membership may shall its reward in proportion to the degree in which they make use of the organization”.

2.2 PRINCIPLES OF CO-OPERATION

All social and economic forms have their own principles and definition of each concepts, co-operation, an emerging social science, has also set of principles originally founded by the first successful promoters of co-operation namely, the Rochdale Pioneers.

The Rochdale Pioneers Principles needed a revision, as they were suited for only consumer co-operatives. To have common principles for all types of co-operatives and for all countries revision was demanded in the ICA inquiry, Congress in Vienna in 1930 and accordingly a special committee was appointed which reported to the Congress of 1933 and 1937: ‘The first ICA inquiry precluded a period of swift, kaleidoscopic changes in economic and social conditions as
well as in the political map of the world. In this period the co-operative movement achieved worldwide extension, with a notable growth in the Non-European membership of the Alliance in consequence.

The following discussion leads us to get a picture about the ICA’s Third Commission (1995) Principles of Co-operation:

2.3 THE PRINCIPLES OF VOLUNTARY AND OPEN MEMBERSHIP

The membership of a co-operative society shall be voluntary and open. That means, the membership shall be available without any restriction or discrimination. This has been stated by the ICA Rules as, “Membership of a co-operative society shall be voluntary and available without artificial restriction (or) any social, politics, racial or religious discrimination to all persons who can make use of its services and are willing to accept the responsibility of membership. This principles can be divided into “Voluntary Association”, and “Open Membership”

Voluntary Organisation:

Voluntarism contents that a person can join a co-operative on his own will and the society must also voluntarily without imposing restriction. He should also be free to withdraw himself from the membership if he desires to do so.
The members who join a society must extend their loyalty for the success of the society.

**Open Membership:**

The principle of open membership means that

(i) there shall be no artificial restriction on the admission of members:

(ii) there shall be no social, political, racial or religious discrimination against person who wish to join and

(iii) membership shall be available to all persons who need and can make use of the society’s services and are willing to accept the responsibilities of membership.

2.4. **THE PRINCIPLE OF DEMOCRATIC MEMBER CONTROL**

This is considered to be the most important principle of co-operation. The autonomy character of a co-operative is ensured by the democratic administration. The General Body which is the supreme body in co-operative democracy has the responsibility for the fair conduct of democratic control. The members participate in the deliberation of the general body and exercise their voting rights. 'One man one Vote' principle which is the basis of co-operative democracy is practices in a co-operative to invoke vigilance in the affairs of society. The principles of Democratic Control means that:
1) The general body meeting of the members of a co-operative society is the supreme authority in regard to the conduct of the affairs of the society.

2) The affairs of the society are administered by the management in accordance with the democratically expressed will of the members;

3) The management is elected or appointed in a manner agreed by the members and

4) The management is accountable to the members.

2.5 THE PRINCIPLE OF MEMBER ECONOMIC PARTICIPATION

Capital is not unwelcomed in co-operatives. It is very much needed, but it act as a servant and not as a master. Unlike capitalism, capital is not allowed to dominate human beings. Hence to give importance and to serve its purpose, capital is provided limited interesting co-operative. The principles commission felt that, there is no co-operative principles which obliges interest to be paid. The principle is that if interest is paid as share capital, the supplier of capital is not equitably entitled to share in savings, surplus on profit, whatever the term employed to denote what remains of the value of the society’s output of goods and services, after its costs, including the remuneration of labour, land and capital have been met. The third
principles commission observed the following on the principle of member economic participation.

i) **This Principle Reads**: “Members contribute equitably to and democratically control the capital of their co-operative. They usually receive limited compensation, it any on capital subscribed as a condition of membership. Members allocated surpluses for any or all of the following purposes: developing their co-operative, benefiting members in proportion to their transactions with the co-operative, and supporting other activities approved by the membership”.

ii) Co-operatives operates so that capital is the servant, not the master of the organization. Co-operatives exist to meet the needs of people and this principles describe show members both invest in their co-operatives and decide how to allocate surpluses.

iii) “Members contributes equitably to and democratically control the capital of their co-operative”. This statement reinforces both the need for members to contribute capital to their co-operative and for them to do so in an equitable fashion. In essence, they can contribute capital in three ways. In most co-operatives members share required investing in a membership share or shares in order to belong and to benefit from membership. Only rarely should such membership share or shares be paid and interest.
2.6. THE "AUTONOMY AND INDEPENDENCE" PRINCIPLE

i) Co-operative in all parts of the world are very much affected by their relationship with the state governments determine the legislative framework within which co-operatives may function. In their taxation, economic and social policies, government may be helpful or harmful in how they relate to co-operatives. For that reason, all co-operatives must be vigilant in developing open clear relationship with governments.

ii) The Principle Reads: "Co-operatives are autonomous self-help organization controlled by their members. If they enter into agreement with other organization, including governments or raise capital from external sources, they do so freely and on terms and ensure democratic control by their members and maintain their co-operative autonomy".

iii) In referring to "other organization", the principle acknowledges the fact that, around the world, more co-operatives are centering into point projects with private sector firms and there is no reason to believe that this tendency will be reversed. It does, stress, however, now important it is that co-operatives retain their freedom ultimately to control their own destiny whenever they enter such agreements.
2.7 THE PRINCIPLE OF EDUCATION, TRAINING AND INFORMATION

The members, office-bearers and the non-members must be educated about the values of co-operation and the fundamentals of co-operation. This is one of the earliest principles of co-operation, which has not been eliminated by any of commission on principles appointed by the I.C.A. The second principles commission has pointed out that, 'co-operation requires of those who would participate in practice it effectively like acceptance of new ideas, new standards of conduct, new habits of thought and behaviour based on the support values of co-operative association. No co-operative institution, therefore, can be indifferent in its interest and for its own survival, to the need for education its members in appropriate ways. In view of the commission, education of appropriate kinds for the different groups of persons who make up all but the very simplest of co-operative societies is a necessary responsibility of co-operative institutions'.

2.8. THE PRINCIPLES OF CO-OPERATION AMONG CO-OPERATIVES

This is new principle added by the second principle commission of the ICA. This principle has been enunciated to increase the strength of the co-operatives and to enhance the inter-dependence among various co-operatives. This principles of co-
operation is stated in the ICA Rules as follows: "All co-operation organization, in order to best serve the interest of their members and their communities shall actively co-operative in every practical way with other co-operative at local, national and international levels, having as their aim their achievement of unity of action by co-operation throughout the world'. The co-operative must also units to preserve their movement and to increase their competitive spirit at national and international level.

2.9 THE PRINCIPLE 'CONCERN FOR COMMUNITY'. THIS PRINCIPLE HAS BEEN ADDED BY THE THIRD COMMISSION

Co-operatives are organization that exists primarily for the benefit of their members. Because of this strong association with members often in a specific geographic space, co-operative are also often closely tied to their communities. They have a special responsibility to ensure that the development of their communities - economically, socially and culturally - is sustained. They have a responsibility to work steadily for the environmental protection of those communities. It is up to the members, though, to decide how deep and in what specific ways a co-operative should make its contribution to their community. It is not however a set of responsibility those members can avoid accepting.
2.10. UNIQUE FEATURE OF CO-OPERATIVE MANAGEMENT

Co-operative management, though applies all modern management techniques, has its own special features. They are as follows:

i) Co-operatives are association of human beings:

Co-operative are formed by members to solve their economic problems. In that process they have to mobilize capital. It is subordinated to human interests, capital is not allowed to dominate in co-operative over human beings.

ii) Democracy in Co-operatives:

Co-operative management strictly follows the principles of democracy. All are equal here and 'one man one vote' principles is followed. No single individual is allowed to dominate, by virtue of large number of shares held by him.

iii) Service motive:

Service is the motive and non-profit in co-operatives. In doing such service, efficiency is emphasized in co-operative management.

iv) Equality:

Equality is practiced in co-operative management. All members are given equal opportunity to enjoy the benefits of co-operative and they can exercise equal control without any narrow basis like caste,
class, creed, language, religion etc. A member can rise to the level of the president of a National Federation through his leadership.

v) Application of Principles of Co-operation:

Co-operatives have to first follow the principles of co-operation laid down by ICA, then they have to go for applying the management process. It has to keep a balance between these two.

vi) Different aims system:

Co-operatives have to satisfy the aims of different people composed under its management. They are members, officers, bearers, personnel and government so it has to harmonise the interests of these complex aims system and to maintain a balance.

vii) The Control Process:

In co-operatives, the members are users and owners. Varied interests of members must be met with utmost efficiency. In that process co-operatives should not lose their control over factors of production.

viii) Co-operative Management is governed by Co-operative Legislation:

The Co-operative Societies Act of respective states directly and indirectly controls the management of co-operatives. The Registrar of
co-operative societies is assigned with enormous powers to interfere in the management of co-operative institutions.

ix) Integrating Government Policies:

In countries like India Co-operative movement had its origin with initiative of government. In the planning process, specific roles have been assigned to the co-operatives. Here the co-operatives have to sacrifice some of their autonomy and freedom.

x) It is an art as well as a science:

It is an art as it effects changes or accomplish goals by deliberate efforts. It is a science as co-operative management strives to acquire body of knowledge through observation, speculation and forecasts which are capable of verification.

xi) Practice of co-operative management is based on knowledge and responsibility

Entire gamuts of managements techniques are applied under various situation to get things done, at lesser cost and at the cost of giving enough training and experience to the people concerned.

xii) Co-operative Management involves group efforts at all levels:

It combines the efforts of all individuals and bodies (Board, general body, etc) at every stages of activity. At the culmination, the Board and Executive sit together to discharge responsibilities.
xiii) Competition:

Co-operatives are given though competition by private and public sectors organizations. They have to improve their operational efficiency by means of using modern management techniques. Otherwise they cannot survive in the competition.

2.11. OBJECTIVES OF CO-OPERATIVE MANAGEMENT

Though co-operatives are service organizations, they have to work with efficiency. The ILO study report points out that “If on the whole, in the study of co-operation emphasis has been placed perhaps more extensively on the social aspect, it would also be widely agreed that the sound functioning of co-operatives as economic enterprise is indispensable as a basis for the successful fulfillment of their social purposes”.

The following are the important objectives of co-operative management

i. To improve the performance:

One of the major objectives of co-operative management in to improve the working performance and achieve operational efficiency. Year after year the existing turnover must be increased. Likewise new services and functions must be added to satisfy the needs of the
members. The services rendered by the co-operatives and cost of such services must be low and comparable to private trade.

ii. To improve the viability:

Co-operatives, especially primary co-operatives have smaller area of operation and naturally they will have limited transactions. While the maintenance cost and operational cost would go an increasing year after year, the cooperative have to increase their volume of transactions also year after year. Otherwise they may become unviable units forcing a winding up. To avoid such situation the co-operatives can improve their operational efficiency using various management techniques.

iii. To make “Service Motive” effective:

Co-operative are meant to do service to members and public. The office-bearers and employees of a society must work whole heartedly for this purpose. ‘Customer attraction should be the watch world of all types of co-operatives, irrespective of their business they undertake. This calls for the adoption of modern management techniques by co-operatives.

iv. To adopt latest development:

In the fields of production, distribution and services new innovations are coming up daily. Technology development is
revolutioning the business world. Private business harness such latest developments and reduce their costs and time. For example: Computers are making revolutions in all walks of life and private sector have completely computerized their operations. To complete with them, co-operatives should not lag behind and come forward to use latest developments in respective areas.

v. To face competition:

Co-operatives are not monopolistic organizations in any economy or any country. They have to complete with private sector and public sector organization. Progressive governments are using co-operatives to achieve their planning schemes or social objectives. In that context they receive lot of financial and material help from the state such help should strengthen the co-operatives and should not weaken then such state help may also be stopped at any time. The co-operatives must improve their financial position, operational efficiency and customer attraction to survive permanently as a business organization.

vi. Professional Management:

All economic institutions have to professionalise their operation for better results. Co-operatives lag behind in this field and they have to go a long way. Conservation thinking and outmoded
approaches must give way for modern professional management. Co-operatives must recruit their personnel in the open market and give enough training and motivation to achieve competitive results. The degree of professionalisation may depend on the size of the co-operative.

vii. To create a better organization climate:

People who are associated with co-operatives must feel satisfied by its services and the employees who work with the co-operatives must feel satisfied with their working conditions and environment such organizational climate can enrich the loyalty of the members and employees towards their cooperative. Since of belonging and 'oneness' can be developed.

viii. Shaping the future:

Co-operative organizations must plan to shape their future for good results by using various management tools. Forecast at every stage is necessary to plan the future properly and to face the threats and impediments at every stage. A co-operatives and fame should sustain future years. The success stories of 'Anand Pattern' 'Cooptex', etc. have always an eye on future.
ix. To achieve member – satisfaction:

The first and foremost aim of a co-operative is to satisfy the needs of its members. Watkins has rightly pointed out that “since the primary objective of co-operatives of all kinds is to promote the economy of their members, their effectiveness and efficiency are judged by the services and other benefits rendered to their members not simply by their profitability as enterprises”.

x. To have concern for community:

The seventh principle of co-operation favours cooperatives to have concern for community. Co-operatives should not stop with their own performance operational efficiency and members satisfaction, but must go beyond that by way of serving the community in which its surrounded. To fulfill the above objectives co-operatives must develop organization and managerial competence by professionalising their management and taking up management development programmes continuously.
2.12 FUNCTIONS OF MANAGEMENT IN CO-OPERATIVES

I. Planning process in co-operatives:

Planning process contains activities of setting objectives, forecasting, formulation strategies and policies and decision making. Among these, setting objectives and decision making are important for co-operatives.

The Challenge of planning in co-operatives:

Besides unpredictability of future events, which open the doors to a margin of error, there are many more hazards to which management of co-operative institutions should be sensitive.

1) Planning is essentially an intellectual exercise and calls for high degree of competence on the part of the management. Despite notable improvement in recent years in the matter of workings of the societies personnel efficiency-majority of the institutions is marked by limited mental ability imagination and intellectual capacity needed to performs the planning function.

2) Co-operative sector in our country is working as an instrument and agency of the government under planned economy. Five year plan assign specific responsibilities on this sector for financing formers, marketing their produce etc.
3) In co-operative, planning function is often deemed to be an exclusive job of the chief executives. However top executives must prepare broad plans for the whole enterprise and those at lower levels have to develop derivative plans for the units/sections within the framework of the enterprise plan.

**Forecasting in Cooperatives:**

All co-operatives, especially producer’s co-operative and processing co-operatives need to concentrate on forecasting. Forecasting is needed in co-operatives for the following reasons:

1) To face competition from public and private sector.

2) To improve their own operations efficiency and to reduce their cost.

3) To move with the changing technology and to adopt latest technology.

4) To meet the future needs of member’s co-operatives have to forecast.

5) To achieve self-reliance in resources and to be free from external interferences.

**DECISION MAKING IN CO-OPERATIVES:**

Decision making stage is an important aspects of the process of planning. After deciding the alternative courses, the management has
to choose a right course of action to achieve the goals. There are two aspects of decision making in the co-operatives.

1. The role of the Board of Directors

2. The role of the external agencies.

II. Organising Function in Co-operatives:

After the planning function management is completed, objectives are established. The achieve these objectives the tasks identified through the functions of organizations.

Co-operatives which are different from other private enterprises must organize things differently to achieve the objectives. The organization function should be related to the ‘service motto’.

Departmentation in Co-operations:

Co-operatives have unitary as well as federal set up, banks like Central Co-operative Banks, Open Branches and undertakes banking business. On the other hand big co-operatives like sugar co-operatives do not have branches and at the same time command adequate volume of business. In both types of co-operatives departmentalization is undertaken scientifically usually in co-operatives departmentation takes places based on functions.
Committees in Co-operatives:

Co-operatives have committees to suit their needs. In Central, Apex Co-operatives and in Marketing Co-operatives Committees have been appointed to undertake specialized functions. In Credit Co-operatives Technical Committee, Loan Committee, Supervisory Committee, Selection Committee etc., are there. In marketing, consumer and processing co-operatives purchasing committee, price fixation, committee marketing committee, selection committee, etc. function committees are answerable to board and they show special attention to the problem assigned to them which otherwise could not be done by a committee is subject to the approval of the board and the board has the ultimate say. Committee Members are usually nominated by the Board of Directors and the directors usually become the members of a committee.

III. Staffing in Co-operatives:

Co-operative do need qualified and efficient staff to run their business successfully. They must forecast their staffing requirements and must select the need staff. The recruitment and selection of staff are done by the Board of Directors and the President is given powers to select candidates. In certain co-operatives a separate committee called, ‘Selection Committee’ has been formed solely for purpose of
conducting interviews and select the required staff. The post are usually advertised in newspaper. After the selection is over candidates are sent for training. Training differs from institution to institutions. In may co-operatives newly recruited staff are asked to work with the regular staff. In this way work experience is given to them. Co-operatives insist on their employees to undergo co-operative training organized by co-operative training colleges and institutes. As this training is compulsory, even while recruiting colleges and the staff, candidates who have undergone co-operative training are selected. In the case of the candidate who have no training, they are asked to undergo training later at the cost of the institution. Training in co-operatives is a continuous process and the employees are sent for specialized courses rule by various co-operatives training bodies.

Remuneration in co-operative is also fixed by the Board of Directors. Depending on the turnover and profit earned, the salaries are fixed.

IV. Leadership in Co-operatives:

Prof. Georges Lassere of Paris University say “A good cooperator in one who understands the co-operative ideal, adheres to it and makes it part of himself. In him, the co-operative become, a personal cooperative creed”.
Further, a person who can devote his thought, energy and time to the development of the co-operative movement can only emerge as a good co-operative leader. He must be very loyal the co-operative. He should consider himself as part and parcel of the co-operation. He is expected to make appropriate use of the co-operative and lead others by good example. He should always look into the interest of the members and keep them loyal to the movement.

V. Controlling in Co-operatives:

Controlling ensures whether the activities are proceeding as per the original plan. Deviations are located and corrected. Controlling includes performance appraisal, corrective actions, etc. control is undertaken through instruments like budget, costing etc.

VI. Co-ordination is Co-operatives:

Co-ordination of management integrates all other functions of management in all forms of business organizations including the co-operatives. The successful implementation of various managerial and business functions of co-operatives depends on the effective co-ordination expressed at levels.
2.13. MANAGEMENT INFORMATION SYSTEM FOR CO-OPERATIVE BANKS

Management Information System is a device used in modern management circles to provide information needed by the organization. These information may be relating to the internal and external aspects of the organization. Information consists of classified and interpreted data that are being used for decision-making. MIS is defined as "a group of people, a set of manuals and data processing equipment that select, store, process and retrieve data to reduce the uncertainty in decision making by yielding information for managers at the time. They can most efficiently use it".

Purpose of MIS for Co-operative Banks:

1. Co-operative Banks need information to up-date their services to the customers.
2. To provide and quick services to customers co-operative banks need to keep all types of data and updated information.
3. Planning a banking programmes, planning a deposite mobilization programme, collection programme etc. warrant to keep lot of informations.
4. To tackle crucial decision the board must be fed with needed information.
5. Co-operative Banks under three tier system have to co-ordinate their activities while issuing loans, collecting deposits, opening branches and collecting loans.

6. Controlling functions of management monitors and measures the implementation of various programmes. To evaluate programmes classified information are needed.

2.14 GROWTH OF THE MODERN MOVEMENT

The Co-operative Movement in India has been a growth of over 73 years and is largely dependent for its origin as well as development on the Government. Even before 1904 (when the movement was first officially set up), the Government was not unaware of the difficulties which the peasants and farmers were facing in borrowing funds and was anxious to ease the situation. As early as 1882 Sir Williams Wedderburn and Justice Kanada prepared a scheme for establishing agricultural banks to provide loans to farmers.

In 1892, "Fredrick Nicholson was appointed by the Madras Government to report on the advisability of starting a system of Agricultural and Land Banks in the Presidency. But this Report was shelved. It was declared that it was unnecessary to take any action on it, as rural credit in the opinion of officials was not an urgent problem.
In the meantime, H.Dupernex had submitted another scheme under the title of “peoples bank for Northern India”. The Committee appointed by the Government of India to consider these schemes came to the conclusion that “the best way of providing loans to farmers was to start co-operative societies on the lines of Raiffeisen Societies”.

As the Maclagan Committee pointed out, “the cardinal object of the Act was, by the simplicity and elasticity of its provisions to permit a genuine Indian Movement to spring up based on those general principles within which must necessarily undertake any organization claiming to be called co-operative. Experiments were freely allowed and more particularly for the furtherance of agricultural rather than industrial credit. The intention was to make matters comparatively easy for the illiterate and ignorant agriculturist. The passage of this Act formally inaugurated the co-operative movement in India. This measures was hailed by Henry Wolff as “a turning point in economic and social history”.

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2.15 HISTORY OF THE MOVEMENT

The history of the co-operative movement may be studied under the following heads:

i) Early state of Development (1904-1912):

The co-operative credit societies act was passed on 25th March 1904. Its essential features were:

i) A society could be formed by any ten persons living in the same village or town or belonging to the same class or tribe for the encouragement of thrift and self-help among the members and co-operation among agriculturists, artisans and persons of limited means.

ii) The societies were given a legal personality and were authorized to raise funds and carry on their business in a corporate capacity.

iii) The organization and control of co-operative credit societies in each province were put under the charge of the Registrar of co-operative credit societies.

2) Period of Hurried Expansion (1912-1918)

The Act of 1904 provided for the registration of the Primary Credit Societies only.
The Government realized these deficiencies and passed a comprehensive co-operative societies Act in 1912. The distinctive feature of the Act were:

i) Any society may be registered “which has for its objects the promotion of economic interests of its members in accordance with co-operative principles, or a society established with the object of facilitating the operation of such society”.

ii) When otherwise directed by the local government (a) the liability of the Central Societies shall be limited (b) the liability of the rural societies shall be unlimited.

iii) The requirements of an annual credit was retained as were numerous other provisions of the Act of 1904.

3) The period of unplanned expansion (1919-29)

On the passing of the Government of India Act of 1919, co-operation became a provincial subject and was administered by provincial governments. Some governments passed their own acts to undertake many-sided developments. Bombay gave the lead by passing the Co-operative Societies Act of 1925. This was followed by Madras in 1932, Bihar and Orissa in 1935, Coorg in 1937 and Bengal in 1941. Other states adopted the Central Act of 1912.
The Act of 1919 gave great stimulus to the movement. Its success was measured more by its quantity than by its quality. The number and membership of agricultural credit societies increased three times while their working capital increased four times between 1918-19 to 1928-29.

4) Period of Recovery (1939-1946)

The abnormal conditions created by World War II led to some far-reaching development in the co-operative movement. Between 1938-39 and 1945-46 the increase in the number of societies, the number of members and the working capital was 41%, 70%, and 54% respectively.

Loan repayments were accelerated, turnover was brisk and working capital registered a substantial increase. “The was period broadened the functional range of the co-operative movement and its brought about a shift in the lop-sided emphasis from credit aspect to the productive and attributive

Functions or to its multipurpose potentialities, as long felt need for imparting that richness and balance which is necessary for the proper development of the movement”.
5) The period of Planned Development:

The major development in the co-operative field since Independence Loan the appointment of a Committee of Directors (known as the Rural Credit Survey Committee) in 1951 by the Reserve Bank of India, which submitted its report in 1954.

2.16 CO-OPERATION UNDER FIVE YEAR PLANS

i) Co-operation during the First Plan:

In the First Five Year Plan, Co-operation was recognized as an “instrument of planned economic action in democracy” combing initiative, mutual benefit and social purpose with a view “to avoid excessive centralization and bureaucratic control to the acquisitive instincts of the individual producer working for himself”. The First Plan said, “As it is the purpose of the plan to change the economy of the country from an individualistic to a socially regulated and co-operatives basis, its success should be judged, among other things, by the extent to which it is implemented through co-operative organization”.

ii) Co-operation during Second Plan:

The Second Plan was drawn up more or less. On the basis of, accepted recommendations of the All-India Rural Survey Committee
particularly in respect of credit, marketing and processing. The role of co-operative in the Second Five Year Plan:

1) Economic Development on democratic lines offers a vast field for the application of co-operation. In its infinitely-varied forms.

2) The Village Co-operative should be large enough to be an efficient unit but not so large as would make it difficult to secure mutual knowledge.

3) Co-operative, marketing, storage and processing should be developed on a large scale.

iii) Co-operation during Third Plan:

The Third Plan observed “In a planned economy pledged to the values of socialism and democracy, co-operation should become progressively the principle basis of organization in many branches of economic life, notably in agriculture and minor irrigation, small industry, processing and marketing the provision of essential amenities for local communities, distributions, supplies, rural electrification, housing and construction”. Accordingly the entire rural economy was to be recognized on a co-operative basis and this included provision of services such as credit, marketing storage and
distribution, co-operation in production and diversification of a occupational structure.

iv) Co-operation during the Fourth Plan:

The Fourth Five Year Plan stated “It is important for planned development to bring out the growth of co-operatives in all part of the country to ensure the co-ordinated operation of various types of co-operative organization”. As such, agricultural co-operatives and consumer co-operatives were given a central position in the strategy of co-operative development. For agricultural development, credit inputs and services were all to provide by the co-operatives.

v) Co-operation in the Fifth Plan:

The major objectives of the Fifth Plan would be to build up a strong and viable co-operatives sector with special emphasis on the needs of cultivators, workers and consumers. The co-operative development will have four specific objectives.

i) To strengthen the network of agricultural co-operative. So as to bring about agricultural development.

ii) To built up a viable consumer co-operative movement.

iii) To remove regional imbalances in the level of co-operative development particularly in the sphere of agricultural credit; and
iv) To restructure and reorientate the co-operatives so that these become more useful to small farmers and tribal people.

A provision of Rs.423 crores will be made for co-operative development during the plan period.

vi) During the Sixth Plan

Consumer co-operations were further strengthened to make them play an important role in the public distribution system. One of the important aims was the development of dairy and fishery co-operatives. During this period for professional management of the co-operative institutions, managerial cadres were developed. The state level marketing federations were strengthened.

vii) During the Seventh Five Year Plan:

The Seventh Plan attach great hopes is the co-operative. It expects the Primary Agricultural Credit Societies to serve as multipurpose viable units rather than mere credit agencies. It aims at implementation of special programmes under-developed states and serve to the weaker sections through the co-operatives. The plan also aims to strengthen the consumers movement to play an important role in the public distribution system.