CHAPTER - II
DEVELOPMENT OF CO-OPERATION IN INDIA AND ABROAD
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DEVELOPMENT OF CO-OPERATION IN
INDIA AND ABROAD

THEORITICAL VIEW OF CO-OPERATION

Competition is the dominant type of human motivation in every sphere of life, but a device which can motivate the people to join with others in mutual efforts and to live in peace rather than to compete with each other is certainly preferable. The motivating device is "Co-operation" and the goal is peaceful co-existence, mutual growth and prosperity.

The concept of co-operation

Man is a social animal and everywhere he is in chains. He is not left in isolation. Human being lives together, thinks together and works together. The entire human society has been sustained on the basis of mutual aid.

Our Rig Veda has rightly pointed out, may you all have a common purpose. Many your hearts to be in unisons. May you all be of the same mind. So that you can do work efficiently well.

Co-operation has contributed to the development of human race more than any other factor. Right from hunting age upto the present day the progress and development of human beings, in all spheres,
social, economic, religious and political is marked by a sense of thinking, working and living together.

**Meaning of Co-operation**

The word “Co-operation” is derived from the Latin word “Co-operari”. Co means together and Operari means to work. In other words, co-operation means to work together to achieve common purpose.

Co-operation promotes voluntary associations of individuals having common needs who combine towards the achievement of common economic ends. It is recognized as sector of business enterprise quite distinct from public sector or private sector.

**Definition of Co-operation**

According to Hubert Calvert: “Co-operation is a form of organization wherein persons voluntarily associate together as human beings on a basis of equality, for the promotion of economic interests of themselves”.

According to biologists, co-operation has acted more powerfully towards the development of man than the better competitive struggle for existence. In India, throughout the ages, the people and communities worked together on an informed co-operative basis with regard to their religious, social economic and cultural life.
Co-operatives a special form of Business Organisation

There are various forms of business organization popularly known as, sole trading concern or individual proprietorship, partnership firms, Joint Hindu Family business and Joint Stock Companies.

A co-operative society is more or less like a joint stock company, a special form of business organization. Joint stock companies in India are registered under and regulated by the Indian Companies Act 1956, while the co-operative societies are registered under and regulated by the Co-operative Societies Act of the concerned state.

It is formed to render services to its members and secure the full benefits of business undertaking through an equitable distribution of business income among its members. People having common economic need like agriculturists, weavers, consumers, artisans, workers etc., associate together and form a society to achieve their common goals. Capital is jointly contributed by them in the shape of shares. Each member possess one vote irrespective of number of shares held by him in the society. Atleast 10 members who are of sound mind and age of majority of the same locality can form a society to achieve the common economic need.
The management of the society is done in the democratic progress. It is a form of business organization without profit motive. The motto of the society is to serve its members and not to earn profit. While transacting business, if at all any surplus remains that is being distributed among its members, in accordance with their volume of transaction with the society during the period.

A co-operative society is usually exempted from payment of income tax, stamp duty and registration fee. The state controls and supervises the operation of the society and in case of need provides financial help in the shape of share capital and loan.

Co-operation is not merely a business but a combination of business and a spirit of service which arouses fellow feeling and loyalty. The aim of co-operation is

“each for all and all for each”.

It seeks to promote the idea of self-help through mutual and strengthen the economic standard of its members.

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. Rochdale Pioneers were the first to frame the principles to suit their consumer co-operatives. In the year 1937, the ICA laid down certain principles which were applicable to all co-
operators. In 1966, again the ICA laid down certain principles which are now followed in all the countries. They are:

a) Voluntary and Open Membership
b) Democratic Control
c) Limited Interest on Share Capital
d) Patronage Dividend
e) Promotion of Education; and
f) Co-operation among co-operatives
g) Other Principles

a) Voluntary and Open Membership

Voluntary membership means that co-operative should have members who have joined it voluntarily without being coerced in any way.

Open membership means the membership should be to all without any artificial restriction or any caste, creed, colour, raical or religious, (Political, Social), discrimination to all persons who can make use of its services and are willing to accept the responsibilities of membership.

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 desire.
The co-operative society should admit all who are prepared to give their loyalty in good faith.

The Mirdha Committee on co-operation has made that open membership does not mean that anybody can demand, as of right, admission to any co-operative society, it only means that society formed with certain definite objects shall keep it door open for all people who share those objects.

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.

b) Democratic Control

Co-operative Societies are democratic organization in which each member stands on the basis of equality and gets an equal opportunity to participate freely in the conduct of its affairs. 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 (One member – One vote) voting 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, as your leaders, whom you can trust and give them your confidence".

c) Limited Interest on Capital

The principle of fixed interest on capital was earlier advocated by Robert Owen and the Rochdale Pioneers adopted this principle. 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.

In the co-operative movement, the attitude to the use of money is that it should be servant and never allowed becoming master. Capital just regarded as 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-operatives function in a society where looms
must be paid for, it is inevitable that the movement should pay a fixed interest on its capital.

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

In the committee formed in 1937, observed 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 formed in 1966 has made this point clear.

"There 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".

d) Patronage Dividend

Patronage Dividend was long the support and the Rochdale Pioneers were the original inventors of the device of dividend on purchases. This device was first applied in the Lennotoun Society of Sctoland in 1812.

This device whereby co-operatives accomplish their purposes of providing goods or services to their members and patrons at cost. This principle is considered to be a practical expression of the non-profit character of the co-operative economy. This is achieved simply by dividing the surplus among members in proportion to their business done through the co-operatives, not to their investment in it. In other words, under co-operative economy, the social product, i.e., profit is distributed not according to share holdings but according to purchases made by the members.

According to the Mirdha Committee on Co-operation (1965) this principle is called "Patronage Refund". A co-operative society is a voluntary union of its members and it exists to serve its members. The loyalty of the society must be to its members and the loyalty of the members also must be to the society". It is significant to that the
distribution of surplus has always been a bone of contention between labour and capital.

Professor Paul Lambert has explained the implication of this principle in an excellent manner. The vital feature of the dividend principle is a negative one.

Professor Berhard Lavergne has stated, in the co-operatives, the distribution of incomes is much more egalitarian than in a capitalist system.

The surplus is to be distributed in such a manner as would avoid one member gaining at the expense of other. The members have generally full freedom to decide as to how this surplus is to be distributed. This surplus can be distributed by the decision of the members as follows:

i) By provision for development of the business of the co-operative;

ii) By provision of common services; or

iii) By distribution among the members in proportion to their transactions with the society.

It may be pointed out here that the ICA Commission (1966), has deliberately refrained from passing any opinion on the merits of one of the above methods of distributing the surplus. The commission held that no co-operative principle is involved in making a choice
among those alternatives and left the decision to the members of each co-operative institution.

e) Promotion of Education

The Commission of ICA (1966) has the principle of promotion of education to its pride of place and re-ranks it as a main principle. This commission stated, all the persons engaged in co-operation need to participate in the process of education and re-education. The commission classified those persons who are concerned with co-operative into 4 groups and those whom a co-operative movement should educate, namely the members, officers, employers and the general public.

The Mirdha Committee has also regarded promotion of education as a basic principle of co-operative movement and has recommended that every society must contribute to the promotion of education not only financially but also by undertaking an active programme such as dissemination of ideas of co-operation as well as general literacy in the country side.

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.

f) Co-operation among Co-operatives

The ICA Commission of 1966 has incorporated a new principle of co-operation namely mutual co-operation among co-operatives. This principle is that all co-operative organization in order to best serve the interest of their members and their communities, should actively co-operate in every practical way with other co-operatives at local, national and international level.

The co-operatives of one country often turn a cold shoulder to other national co-operatives. Even within a country sometimes co-operation among co-operatives is not discernible. It has, however, been realized that the principle of co-operative unity is valid not only among individuals, but also for co-operative institutions. Unless all the co-operatives of the world unite and dedicate themselves to the cause of progress and efficiency, they will not be able to compete well with organized public and private sector.

Other Principles of Co-operation

The above mentioned 6 principles of co-operation were stated by the ICA Commission. Some other principles of co-operation are also significant and they are
i) Self-help through Mutual help

Prof. D.G. Karve, Self-help and mutual help are of the essence of co-operation. Without these there is no genuine co-operation. In Indian Co-operative Union, mutual aid is the core of personal relationship amongst members. Its motto is “Each for all and all for each”. As the co-operation is based on self-help, the emphasis is always on working together. Co-operation has nothing to offer the people who wish to sit with folded hands and wait for the government or some one else to alleviate their difficulties.

ii) Cash Trading

Cash Trading was considered to be an essential principle of co-operation by Rochdale Pioneers. This was because more co-operatives had inadequate capital and they wanted to maintain the financial soundness of the societies. This principle taught members to live within their means, without borrowings, lowering prices, through reduction in expenses, safe trading without bad-debts and easy dealings for inexperienced directors.

The 1937 ICA Congress regarded cash trading as ‘non-essential principle’. Cash trading is essentially consumers’ co-operative principle. But, in the view the development of credit business even within the consumer’s co-operatives it is not followed.
The 1966 ICA Commission did not adopt cash trading as a principle of co-operation but emphasized its importance as guide to business policy.

3) Political and Religious Neutrality

Co-operative Organization is an economic enterprise not an instrument for political or religious action. A co-operative comes into being to serve its members by improving their economic position, not to serve the members as political or religious groups.

On 1937 Congress in Paris, the ICA Special Committee pointed out that none of the subjects included in our questionnaire has received greater attention than this principle of neutrality in politics and religion. All the Co-operative Organizations must adhere this principle.

4) Principle of Thrift

The Co-operative Organization should inculcate the habit of savings amongst the members. Thrift is considered to be the first step in self-help. It is particularly important for resource societies. Unless all the members understand the importance of thrift, they cannot build up the resource of their society nor can they insure themselves against evil days.
5) **Principle of Equity**

The great principle of co-operation is that of equity and justice. The principle is practiced by distributing surplus product on the basis of purchases and by giving patrons equal treatment. Labour is justly treated and relieves fair wages.

6) **Principle of Publicity**

This principle governing the activities of a co-operative enterprise is publicity i.e., doing everything in public. All business should be transacted with the maximum publicity within the society.

7) **Honest Trading**

The principle of honest trading signifies that co-operative should always sell pure and unadulterated commodities giving true weight and measure. This principle is a must for all the types of societies.

8) **Federation**

Though federation cannot be raised to the status of a principle, it is nevertheless true that it is implicit in the concept of undertaking a business enterprise in common. The primary units, which persons with limited means form, cannot by themselves individually command adequate resources or develop enough strength to make their common endeavours to have an impact on the economy. Thus almost from the very inception stage of the movement, primary co-
operative societies have found it necessary to organize their forces by forming Unions or Central Societies.

9) **Principle of Unity and Fraternity**

The Co-operative movement is a struggle for survival on the part of the economically weak and oppressed shows that mutual aid and unity are necessary as they are to work out their emancipation. This principle of fraternity and unity though is limited to one region or country it is to be extended to all people and parts of the earth.

10) **Principle of Honorary Service**

A co-operative in the words of Co-operative Independent Commission (1958). “One way in which public-spirited citizens can devote their gifts and energies to the service of their fellows”.

In the past, the co-operative movement attracted so many honest, public-spirited people who devoted every ounce of their energy to service the cause of the co-operative movement without expecting hour or honorarium. With the expansion of the co-operative movement in many directions, the work of co-operatives has grown in volume to such an extent that it cannot rely on honorary services.
CO–OPERATIVE MOVEMENT IN INDIA

INTRODUCTION

Co-operation is not new to India. Our Vedas, the Upanishads and Bhagwat Purana have fully subscribed to co-operative existence. In the Vedas, prayers have been made to the Almighty to give the human being power and desire to work together, to live together and to think together.

In the social form of life, the principle of co-operation was inherent. The Joint Hindu Family System is working for the common goodness of the family. The institution of joint family is compared with that of the present day co-operatives as it serves as an insurance against illness, incapacity and old age.

GROWTH OF CO-OPERATIVE MOVEMENT

The co-operative movement has taken a big way in India to strengthen the position of economically weaker group in the society.

It is looked upon as one of the means that contribute to the end. Almost over a century ago, the idea of co-operation took shape in our country.

The movement has passed through various stages of development by formation of different committees to study and recommend different measures to promote co-operation in India. The
development of co-operative movement in India may be divided into two before and after independence.

**Before Independence**

There were different types of indigenous institutions in the form of Chit Funds, Nidhis, Grain Golas, Baiya Chari, Lana or Gouchi System organized in one part of the country or the other with a view to bringing about mutual help and co-operation. But all these institutions could not make any headway in the absence of any legal sanction behind them.

The Deccan Agriculturists Relief Act was passed in 1879. Subsequently in 1882, Sir William Wedderburn and Justice Ranade were deputed by the Bombay Government to investigate the problems of agricultural indebtedness and to suggest the ways and means of ameliorating the economic conditions of the rural class. After a detailed enquiry, they suggested the establishment of agricultural banks for advancing loan to cultivators.

**Fredrick Nicholson’s Report**

In the year 1982, Fredrick Nicholson, an ICS Officer, was deputed by the Madras Government to make a careful study of the co-operative movement working in Europe and advise the Government of India accordingly. He made a careful study of the European Systems of Credit and came to the conclusion that the “Popular
Bank" initiated by Schultze-Delitze and Raiffeisen were the most suitable for the introduction in the Madras Presidency.

**Dupernex Enquiry**

The government of united province had appointed Dupernex to suggest, by local investigation, the form of co-operative societies best suited to the province. He advocated the establishment of village credit societies based on Raiffeisen principles. He further suggested the organization of "Urban Banks" to act as agencies for organizing and financing "Rural Credit Societies" and for disseminating the principles of Co-operation.

**Sir Edward Law Committee**

This Committee included Sir Fredrick Nicholson and Dupernex as members. The Law Committee was of the opinion that formation of Co-operative Credit Societies deserved every encouragement and should be given a fair trial on the basis of their recommendations. The Co-operative Credit Societies Act X of 1904 was passed and the co-operative movement was formally inaugurated in India.

This initial Act recognized only Credit Co-operatives and laid down that any ten persons belonging to the same village or profession might be registered as Co-operative Credit Society for encouraging thrift and self-help. In order to encourage the movement, the Act
exempted Co-operative Credit Societies from certain legal requirements such as Stamp Duty, Registration Fee and Income tax.

➢ Though the Act gave many strengths for the growth of Co-operatives, it was inadequate as several defects were noticed.

➢ The Act gave no legal protection to Co-operative Societies for purposes other than credit namely, marketing, supply etc.

➢ It made no provision for the establishment of Central Agencies, such as Central Banks necessary for the proper financing of Primary Credit Societies.

➢ The classification of societies into rural and urban was found to be inconvenient and unscientific.

➢ Finally, the prohibition of the distribution of the profits in rural societies with unlimited liability was felt as a hardship by members. Therefore, in order to infuse fresh energy into the movement, another Act was passed in the year 1912 paving the way for “Service Co-operatives” in India.

The Co-operative Societies Act of 1912

The co-operative movement has gained momentum with passing of The Co-operative Societies Act 1912. Many of the defects found in the previous Act were removed and new provisions had been introduced.
This Act legally recognized non-credit Co-operative Societies and the distinction between the rural and urban societies was replaced. In spite of all the efforts, the development was not uniform in all provinces. In order to create a federal set up, the Act recognized three kinds of Central Societies as distinguished from Primary Societies, viz., Unions, consisting of Primary Societies for mutual control and credit, Central Banks, consisting partly of societies and partly of individuals, and Provincial Banks, consisting of individuals.

Co-operation under provincial control

According to the Government of India Act of 1919 (Monford Constitution), Co-operation became a provincial subject and was administered by provincial government. The Act gave the option of retaining the provision of Co-operative Act of 1912 or modifying it by the provincial government. While most of the provinces retained the Central Act of 1912, Mumbai, Chennai, Bihar, Orissa, Coorg and Bengal passed their own Provincial Acts. There was a rapid growth of the movement between 1919 and 1930 with phenomenal expansion of the societies, members and working capital. The economic prosperity between 1919 and 1929 and the popular ministers in the provinces accounted for this expansion.
Saraiya Committee (1945)

The Government of India appointed in 1945 a 12 men committee under Mr. Saraiya as its Chairman. It submitted a comprehensive report in 1946 dealing with all aspects of development of different types of Co-operative Institutions. It emphasized that more financial assistance should be made available to the movement.

After independence

The emergence of independence in 1947 changed the outlook of the government on co-operation. Since independence, the co-operative movement has been making a rapid progress in various directions. The Government of India appointed the rural banking enquiry committee in 1949, under the Chairmanship of Shri Purushotamdas Thakurdas. The committee made several proposals for the extension of banking facilities, grant of several concession to co-operative banks and the setting up a state sponsored bank. About this time, the Reserve Bank appointed the Rural Credit Survey Committee in August, 1951 to conduct a survey of the problems connected with rural credit in the country and make recommendations.

CO-OPERATION DURING THE PLANNING ERA

To make use of scarce resources to the optimum, the country decided to build up its economic base in a planned way. Services of five year plans have been launched with the aim of building up a
rapidly expanding economy and a social order based on justice and
equality for all.

The First Five Year Plan (1951-56)

The First Plan stated, “The principle of mutual aid, which is the
basis of co-operative organization, and the practice of Thrift and Self
help which sustain it, generate a steady feeling of self-reliance, which
is of basic importance in a democratic way of life. By pooling their
experience and knowledge and by helping one another, members of
Co-operative Societies can not only find the solutions of individual
problems but also become better citizens”.

All India Rural Credit Survey Committee was set up in 1954. The
Committee assessed that the co-operative societies, inspite of
their existence for over 50 years, supplied only 3.1% of total credit
requirements of the farmers. The professional money lenders, the
agriculturists moneylenders and the traders reigned supreme in the
field of rural credit, supplying more than 70% of the total of credit
requirements.

The committee observed that “Co-operation has failed in India,
but it must succeed”. It recommended a well defined institutional
framework for co-operative organization particularly for meeting the
needs of rural India.
Survey Committee recommended that a State Bank of India be set up into which the Imperial Bank of India and State Associated Banks be amalgamated. The State Bank of India should extend its activities more and more in the rural areas and give large financial accommodation to co-operative institutions.

Survey Committee recommended that the State Governments, the Reserve Bank of India and the Co-operative Institutions should create funds for various purposes. The fund is utilized to give loans to State Governments for purchasing shares of credit institutions, to give long-term loans and to purchase debentures of land mortgage banks, and to give medium-term loans to State Co-operative Banks.

The committee also recommended the re-organization of the whole co-operative movement by establishing large sized credit societies at primary level for providing medium and short term loans for productive purposes.

The Survey Committee laid the greatest emphasis for making satisfactory arrangements for training the various categories of staff at all levels either organized by or under the guidance of the Central Committee for co-operative training.

Second Five Year Plan (1956-61)

It aimed at not only appreciable increase in national income and employment but also in greater quality in income and wealth.
Progress of the Co-operative Movement during the Second Plan period

<table>
<thead>
<tr>
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<th>1955-56</th>
<th>1960-61</th>
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<tbody>
<tr>
<td>1. Number of Societies (in lakhs)</td>
<td>2.40</td>
<td>3.32</td>
</tr>
<tr>
<td>2. Membership of Primary Societies (in lakhs)</td>
<td>176.00</td>
<td>342.00</td>
</tr>
<tr>
<td>3. Share Capital (Rs.Crores)</td>
<td>77.00</td>
<td>221.00</td>
</tr>
<tr>
<td>4. Working Capital (Rs.Crores)</td>
<td>469.00</td>
<td>1312.00</td>
</tr>
<tr>
<td>5. Percentage of villages covered</td>
<td>-</td>
<td>75.00</td>
</tr>
<tr>
<td>6. Average Loan advanced per member (Rs.)</td>
<td>64.00</td>
<td>119.00</td>
</tr>
<tr>
<td>7. Average membership per society</td>
<td>49.00</td>
<td>80.00</td>
</tr>
<tr>
<td>8. Average paid-up Capital per society (Rs.)</td>
<td>1051.00</td>
<td>2722.00</td>
</tr>
<tr>
<td>9. Average deposits per society (Rs.)</td>
<td>441.00</td>
<td>688.00</td>
</tr>
<tr>
<td>10. Average working capital per society (Rs.)</td>
<td>4946.00</td>
<td>12913.00</td>
</tr>
</tbody>
</table>

Source: B.S. Mathur, Co-operation in India.

The number of societies at the beginning of the plan period increased from 2.40 lakhs in 1955-56 to 3.32 lakhs at the end of the plan period. The membership of Primary Co-operative Societies has also increased from 176 lakhs in 1955-56 to 342 lakhs in 1960-61 as evidenced from the table.

The co-operation was chosen as an important agency and building up of the co-operative sector became one of the central aims.
of the national policy. An overall allocation of Rs.57 crores was made for the development of co-operatives during the plan period.

**The Third Five Year Plan (1961-66)**

The 3rd 5 year plan observed that in a planned economy which is pledged to the values of socialism and democracy, co-operation should become progressively the principal basis for organization in many branches of economic life, notably in agriculture and minor irrigation, small industry and processing, marketing the provision of essential amenities for local communities, distribution, supplies, housing and construction. Accordingly the entire rural economy will be re-organised on this basis.

**Fourth Five Year Plan (1970-75)**

The Fourth Plan aimed to ensure that the services which a farmer requires are institutionalized to the greatest extent possible. The target of this plan is to bring the entire village and 3/4th of population under co-operation. The main objective of fourth plan being “Growth with Stability”. Major stress in the co-operative sector was on developing agricultural and industrial co-operatives for establishing prices.

**Fifth Five Year Plan (1975-80)**

The fifth five year plan stated co-operation is eminently suited to bring about socio-economic challenges in the context of the
existing conditions in the country. There is no other instrument as potentially powerful and full of social purpose as the co-operative movement.

The major objective of the fifth plan was to build up a strong and viable co-operative sector with special emphasis on the needs of cultivators, workers and consumers.

**Sixth Five Year Plan (1980-85)**

The main objectives of this plan are

1) to strengthening of primary village societies. They are able to effectively act as multipurpose units

2) to re-examine the existing co-operative policies and procedures with a view to ensuring that the efforts of the co-operatives are more systematically directed towards ameliorating the economic conditions of the rural poor

3) to effectively support a rapidly diversifying and expanding agricultural sector, including horticulture, food processing, poultry, fishery, animal husbandry, sericulture etc. with credit, input supply, marketing and other services.

**Seventh Five Year Plan (1985-90)**

The main objective is to faster agricultural growth through policies and programmes which will accelerate the growth in food
grains production, increased employment opportunities and productivity.

1) Development of Primary Agricultural Credit Societies to function as multi-purpose viable units,

2) Realignment of the policies and procedures of co-operatives to expand the flow of credit and ensure supply of inputs and services particularly to the weaker sections,

3) Taking up of special co-operative programmes for implementation in the under-developed states specially in the North Eastern Region,

4) Strengthening the Consumer Co-operative movement in the urban as well as rural areas,

5) Promoting professional management and strengthening of effective training facilities for improving the operational efficiency.

Eighth Five Year Plan (1990-95)

The following are the role of co-operative in eight five year plan.

1) This plan ensures sufficient autonomy to federations for development of their co-operative constituents at different levels.
2) With the concurrence of the Government of India the Agricultural Minister has assured to include cooperatives as sector.

3) With a view to making village level Primary Agricultural Co-operative Societies (PACS) viable as a multi-purpose institution a program of business development planning has been introduced all over the country.

4) Training Programme would be suitably oriented based on the survey of the National Council Training.

5) The National Centre for Co-operative Education of NCUI organised a number of outstation programmes so as to orient the elected non-officials to build up professional and executive skill.

6) Advance of loan by Co-operative Agricultural and Rural Development Banks for non-form sector activities has been started with a view to enabling land development banks to undertake lending programme with a greater flexibility.

7) The RBI has constituted a committee under the Chairmanship of S.S.Marathe, to review the licensing policy for organization for new banks and other related issues.

8) Two tier structure of tribal co-operatives has been set up in several state in the country to Purchase of minor forest produce
from tribals at reasonable rates, supply of essential commodities and agricultural inputs and provide short-term agricultural and consumption loans.

9) In order to identify the manufacturing of items of daily use in the co-operative sector, the consumer co-operatives are equated with private trade in so far as financing concerned,

10) Various schemes for promotion and development of the Handloom Sector have been introduced by the Central Government. Through these schemes, assistance is being provided to the handloom weavers both within and outside the co-operative fold.

CO-OPERATIVE MOVEMENT IN FOREIGN COUNTRIES

The co-operative movement in various countries of the world has developed in a varied way. In some countries it started and failed and in others it has witnessed a spectacular achievement. The movement has seen the light in both capitalist and socialist countries and received different treatment according to their political and economic systems. Though the movement is hailed by almost all the countries of the world, the success story of the movement varies from country to country.
It is a consumer movement in one country whereas it is a credit movement in the other. Therefore, the growth of the movement in some of the most advanced countries are discussed below.

I. CO-OPERATIVE MOVEMENT IN GERMANY

Germany was the birth place of co-operation and to apply the principles of co-operation in the field of credit. The co-operative credit movement was started in Germany in the middle of the 19th Century.

Herr F.W. Raifferisen (1818-1888) and Heri Franz Schulze (1809-1883) were the two pioneers in this field of co-operation who took the initiatives and started introducing various measures of relief to the people.

Herr F.W. Raiffeisen

He tried to reduce the suffering of the people living in the rural areas. The aim and objectives of Raiffeisen and Schulze were as follows.

♦ Give relief to the poor farmers through self-help,
♦ Organised Co-operative Societies that are suitable to the existing local conditions.
Area of Operation

The area of operation of a Raiffeisen Society was limited to one village or if that village happened to be small, then two or three village were combined together.

Achievements

The following were the achievements of the Raiffeisen Societies.

- There was a remarkable improvement in the economic and social life of the people of villages of Germany.
- The village people were rescued from the clutches of the so called blood Suckers viz., the Jews.
- More than 50% of the agriculturists became members of the society.
- The banks established educational institutions, started insurance schemes and introduced new method of farming.
- The members became the owners of the bank.

Heri Franz Schulze

He adopted the new measures for giving relief to the people living in the urban areas. Both Schulze and Raffeisen were convinced that the lot of people could be improved only if they were taken out of the clutches of the “Jews”.

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Area of Operation

The area of operation of Schulze Delitzsch Societies were purely business like organizations. The membership was large and ran into thousands, and hence the question of any personal touch among these members did not arise.

Achievements

The following were the achievements of Schulze Banks.

- Helped the poor and improved their economic conditions.
- Members were trained to be their own bankers.
- Weak persons were also brought together for their mutual benefit.
- Members were given the training of self-discipline and prudence.
- The members are not exploited like money lenders.
- The banks helped to improve the economic conditions of small industrialists and traders.

II. CO-OPERATION IN DENMARK

Denmark though a small country is having a fertile soil. Agriculture has become the major output of the people. More than 62% of Denmark consist of agricultural products. The principle of co-
operation was first introduced in the field of agriculture. Hence the country is called as “Co-operative Denmark”.

The co-operative movement in Denmark succeeded in various fields like co-operative farming, co-operative dairy, consumers’ co-operation, becon and eggs marketing societies. But the most spectacular achievement is made in the co-operative dairy and the country is well known in the world as the “Dairy Farm of Europe”.

The reasons which made the “Denmark” to attain this status are

- the absence of availability of any other natural resources,
- existence of favourable climate for growing grass,
- the normal size of small holding of land,
- the setting up of dairy farming on the basis of co-operative principles.

III. CO-OPERATION IN CANADA

The economy of Canada is predominantly agricultural in nature. Most of the people here are of English and French Origin. The climate is cold and with vast fertile valleys, agriculture is the important primary industry in the country.

The important agricultural products of the country include wheat, fruits, dairy products, livestock products, fish etc. Canada is one of the world’s largest exporters of wheat. As a result, the co-
operative marketing associations were formed which achieved a remarkable success in Canada.

IV. CO-OPERATION IN CHINA

Invasion of Japan in 1937 into the China destroyed factories which were situated in the Coastal Districts. There was a heavy influx of refugees. As a result of which the government was faced with a three fold problem viz.,

- To provide employment to the refugees,
- To provide supplies for the Chinese Army, and
- To maintain a required level of supplies for the civil population.

In order to solve these problems it was suggested to organize the workers into small co-operative bodies and help them to install small workshops. Thereby, they are able to produce articles required for the army and the civil population. A committee known as Shanghai Promotion Committee was formed to suggest for the creation employments and providing technical assistance to the refugees. The Committee suggested the idea of formation of industrial co-operatives. It gave rise to a unique movement of promotion of industrial co-operatives.
Mr. Wu succeeded in starting the first industrial co-operative society of blacksmiths who agreed to work as well as live together around a common workshop and followed by a number of societies of soap makers, candle makers, and others. There was a good progress in the number of societies as well as membership.

V. CO-OPERATION IN U.S.A.

The America farmers, in the initial stages, had lot of problems like clearance of forests, drainage of land, construction of bridges and buildings, harvesting of crops etc and had given birth to the co-operative movement in U.S.A. To overcome such difficulties, they were in need of mutual help and they began to share the work they began to share the work of each other. That was the beginning of the co-operation in a informal way. They used to gather informally to help the individual farming families, popularly known as “Bees”.

The movement in America has a rural background and primarily of producers movement. There are a large number of Co-operative Marketing Associations in America like

- Co-operative Dairy
- Wool Co-operatives
- Cotton and Oil Co-operatives
- Grain Co-operatives
- Livestock Association
VI. CO-OPERATION IN U.S.S.R.

It is quite but natural that one becomes curious to know about the fate of democratic co-operatives in a socialistic country like U.S.S.R. It is a fact that the Soviet Government did not have much faith in co-operation because of its democratic principles and the movement could not make much headway till 1905, although the movement began in the country in 1863.

A little progress in the movement was marked after 1905 and a sizeable number of consumers' stores were established. But again it got a set back due to the Great Revolutions of 1917.

It was Lenin who set the stone to roll and declared that "the co-operatives are the only organizations in Capitalist System which is good and it must be preserved in its entirely at any cost". Thereafter, the co-operative movement in the country has made a good progress and the entire co-operative movement has been made a part of the Soviet economy.

COLLECTIVE FARMING IN U.S.S.R.

Socialist property in the U.S.S.R. bears either the form of state property or the form of co-operative and collective farm property. The
collective farms in U.S.S.R. are known as Kolkhozy” and the state owned farms are known as ‘Sorkozy’.

VII. CO-OPERATION IN GREAT BRITAIN

Britain is the homeland of co-operative store movement which took place in the middle of 18th Century in the economic and social systems of Britain under the impact of industrial revolution. The consumer co-operatives and agricultural co-operatives are two important co-operatives in Britain.

There are a few workers productive co-operatives mainly located in East Midlands. But there is no Co-operative Credit Organizations. The co-operatives in the country have evolved relatively complex structure of central federations. The consumer movement has set up the co-operation union which covers the U.K. including Irish Republic for trading purpose.

Rochdale Pioneers

Rochdale is an old town situated on the boundary of Lancashire and Yorkshire. It had experienced both miseries and the benefit of the industrial revolution. Rochdale Pioneers are the founder members of the Rochdale Equitable Pioneers Society. Its objects, besides establishment of a store for the sale of provisions and clothing, are
• to provide employment to the needy members,
• to purchase or rent an estate of land for cultivation by members,
• to building up number of houses to assist the members to develop domestic and social conditions,
• to promote a hotel in one of the society’s house,
• to arrange production, distribution education and to establish a self starting home colony.

VIII. CO-OPERATION IN ITALY

The co-operative movement in Italy was the outcome of misery and distress. During the middle of the 19th Century, Italy passed through the darkest period of history. Italy had to meet great poverty, backwardness and unemployment problems.

Lougi Luzatti and Dr. Leone Wollemburg were the two pioneers of the co-operative movement which broke the vicious circle.

Luzatti started co-operative institutions on the lines of Schulze Belitsz banks in Germany to meet the needs of the people. Dr. Wollemburg started a system of rural banks based on Raiffeisen atterns.
IX. CO-OPERATION IN JAPAN

During the second half of the 19th Century, the socio-economic conditions in Japan were very much deplorable like India, agricultural production depended upon the vagaries of nature. The exploitation of the money lenders by charging exhorbitant rate of interest on the loans caused harassment to the common poor people.

Under such circumstances, the Japanese people borrowed the idea of co-operation from European Countries and Co-operative Societies in the line of the Raiffeisen Bank of Germany were organized to tackle the situation.

- Agricultural Co-operative Association,
- Fisheries Co-operatives,
- Forestry Co-operatives,
- Consumers’ Co-operative,
- Industrial Co-operatives.

X. CO-OPERATION 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 established the State of Israel on 15th May, 1948. Immigration into Israel gained momentum after 1948. To-day the population is more than 2.4 million whereas it was only 6 lakhs in 1948.
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 Cooperatives, 194 Housing Societies, 156 Provident Fund Societies. The co-operative activity represents 18% of the national economy. In agricultural field, co-operatives covers more than 58% of production.

Regional Development Block is a concept which was evolved during 1960. A cluster of Co-operative Villages organized a regional council which apart from dealing with matters of common social and economic concern, also set up large urban centers which served as an industrial base and marketing outlet. Common services like Hospitals, High Schools, Theatre etc. are also set up in these Urban Centres to serve the entire region.

Basis of success of Co-operative Farming in Israel

Co-operative Farming 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 movement in Isreal is due to the fact that the settlers were with a clean slate. They were educated and those who had come from Russia came with an experience of collective farming.

XI. CO-OPERATION IN SWEDEN

Like other West European Countries, Sweden is comparatively a small country. The small countries of Europe, however, tend to make big achievements and Sweden ranks next to none in the development of co-operative movement.

In the first half of the 19th Century, Sweden was mainly an agricultural country and 75 percent of its population depended upon agriculture and subsidiary industries. The industrial 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.

Twenty-one sale and purchase associations have been organized by 1.45 lakh farmers. The associations have further organized the Swedish Farmers (SLR). The federated structure deals with the marketing of produce and supply of agricultural equipments. Agricultural produce sold, locally as well as exported, includes grains, cereals, seeds, potatoes and straw feed. 90% of the grain exported passed through these societies.
The SLR organization supplies agricultural requirements including fertilizer, feed, building materials, chemical preparations, fuel and oil etc. The organization is the biggest flour mill-owners and provide 35% of wheat flour requirements of the country.

The SLR 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 organizations is of the order of 1955 million Kroner.

XII. CO-OPERATION IN IRELAND

Co-operative movement in Ireland had developed mainly among the farmers. 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 cattering to the various needs of the farmers.

The condition of the farmers worsened to such an extent that the government had to take legislative measures to liberate them. Thereafter, the farmers began to develop their system of farming. The
main occupation of the farmers came about to be rearing of milk cattle, mainly cows, and selling their milk and butter in open market.

England was the main market place for their butter. At this critical hour, there appeared on the scene a brilliant young man named Plunkett. He was the son of an Irish Landowner. He was 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 organization of the First Co-operative Creamery in 1889 with efforts made by Horace Plunkett and his friends. The number of societies increased rapidly and by 1984, there were 60 such creameries in Ireland. During this 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 organized.

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.Hogains’ Creamery Act, 1928.

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 milk cattle. Milk supply was thus reduced by 6 to 15% and many creameries underwent a loss. After the war, however, steps were taken re-organize the industry. More than usual attention is being paid towards the breeding and feeding of industry.

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-organization of the dairy industry was prepared. The plan was greatly successful and increased the efficiency of the industry.