CHAPTER II
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CHAPTER II

INTRODUCTION

Cooperative movement in India was introduced as a state policy and over its origin to the enactment of the cooperative of societies act of 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 become extinct as the British sought to destroy the manufactures of India by their own manufactures as 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 moneylender sufficient scope of interest which involved the peasants indebtedness with the frequent failure of monsoons and the resultant famines under pressure of these circumstance the peasant violently reacted and number of riots took place. In 1875 the peasants of Poona and Ahamed Nager rose up against the money lending classes snatched away the bonds and securities and destroyed the document in fire military aid had to be requisitioned to at thus stage certain relief measure were taken by the government by passing Decant agricultural relief act 1873 and agriculturists loans act 1884. The last acts are more popularly known as Travis laws. The former was for long term and the later for short
term these acts even continue today. But these measures failed to render any considerable help to the agriculture.

GROWTH OF COOPERATIVE MOVEMENT

The act of 1904 provide for the organisation of primary credit societies and stress was on the promotion of agriculture credit only. Local officers were also instructed that the organization of rural credit societies should be their first concern. By 1912, 8277 societies with membership of over 4 lakhs and working capital of Rs 335.7 lakhs have been organized. One of the special features of the societies during the period 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 society.

Some place the very ideology of cooperation was misunderstand ever by those who were official entrusted with this work in one province the misguided activities of some officials invited the former goes the credit of organization the first central cooperative bank of in Bombay in 1911. Period of 1912 to 1919.

The government was by no means sure of the success of the movement early achievement out stripped all expectations. The act of 1904
was found insufficient to crepe with the expanding movement. It did not for example allow central and non-credit societies to be organized.

**ALTERATION OF THE NEW ACT**

1. The art of 1904 confined co-operative activities to primary credit societies only. The new act enabled the registration of non-credit society as well as to ensure an all sound progress of the movement.

2. The old art classified in 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 profit the new act realization that cooperative movement in India could not flow rich so well unless the right of investors to reasonable profits was recognized.

In the year of 1914 the government held that the time had come to take stock of the position so that the responsibility for fasting and supporting the future growth could be taken up by it according a committee on co-operation under the chairmanship of Mr. Maelagan was appointed in 1914 to examine. Whether the movement was progressing on Sound lines and to make recommendations.
The movement recorded trip expansion between the period from 1912 to 1921 in 1911-12 the total number of societies in India was +8 8177 with membership of 4,03,318 which increased to 52,182 and 19,74290 respectively in 1920-21. In 1919 there were 28,000 societies with 11 lake members and Rs 15 cores as working capital the progress can be said to be quite repaid through the qualitative respect was not very encouraging.

**PERIOD OF 1919 TO 1929**

Year of 1919, co-operation become a transferred subject under the charge of a minister in each state. During the early years co-operation made a rapid progress in various states Bombay gave a lead by passing. The Bombay co-operative societies act in 1925. Incorporating provision to suite local condition various states appointed commission of enquire to judge the progress of the movement.

The royal commission off on agriculture was set up during this period. It examined problem relating to agriculture and stressed the need of co-operation for implementation the programe of agriculture development the commission rough out strong as well as weak points in the movement. If fount that where as there were outstanding examples of benefit there from the appropriation of co-operative principles of local problems. There were serious drawbacks visible in the movement.
DURATION OF 1929 TO 1939

Period of 1929 the world economic depression set in and gave the movement a nude shock. Funds with the movement were invested in loans to agriculturists. With a full in prices the milestone of dept come from the back of the cultivator with the much heavier weight in the neck. Thus the overdue in the societies minted up and liquidation of societies had to be restored to in certain areas.

In Punjab, 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, more than 50% of the societies went in to liquidation during this period.

DURATION OF 1939 TO 1947

Year of 1939, prices began to reset as a result of which the movement got a good fillip in the period high price of the overdue. Which had accumulated during the period of depression were cleared off.

Overdue fell by 60% during the period. Then for further loan also decreased greatly. The co-operative banks including the land mortgage
banks, were forced with the problem of surplus fund. Deposits in primary
societies also increased from Rs 25 cores. In 1984-40 to Rs 54 cores in
1945-46

CO-OPERATIVE ORGANISATION

Generally handloom weaving is a household industry. The weavers
with only the loom and his labour as his capital has been dependent on master
weavers and other middle men for the supply of inputs and marketing of the
finished goods.

Government is to bring the handloom weavers in the state under the
co-operative field. The industrialization of the weaving activity through
formation of weavers co-operation society is to enable the weavers to
organize production and marketing function and other assistance from the
state.

The organization of production in the cooperation sector is carried out
through the information of different types of weaves societies to suit the
needs of different categories of weavers in the state. 1096 primary weavers
cooperatives covering mostly cotton varieties.

Industrial weavers cooperative societies which provided work shed
type infrastructure facilities for loom less weavers.
Industrial societies are also set up for adidravider weavers with financial assistance from special components plan and cluster development program in addition there are industrial weavers cooperative. Societies formed exclusively for the rural woman under NABARD aid program.

Handloom development project for providing continues employment and increased earning to the weavers members through modern methods of production and innovation marketing strategies the projects also provided all the pre-loom and post-loom infrastructure facilities to the weavers.

PRINCIPLES OF COOPERATION

Cooperation principles have been formulated on the basis of experience gained by the workers in the cooperative movement in various countries. The first to state the cooperative principles were the Rochdale pioneers. A committee set up by the international cooperative alliance in 1937 stated as the following as the Rochdale principles.

1) Open membership.
2) Democratic control.
3) Limited interest on capital.
4) Distribution of surplus to members in proportion to their transaction.
5) Political and religious neutrality.

6) Cash trading.

7) Promotion of education.

Principles were formulated mostly from the point of view of consumers cooperative.

Congress held at poormouth 1963 appointed a commission in formulating the fundamental principles of cooperation.

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.

[a] Voluntary and open membership

[b] Democratic Control

[c] Limited interested on share capital

[d] Patronage Dividend

[e] Promotion of education

[f] Mutuality

Voluntary and open membership

Co-operative institution is essentially a voluntary organization and there is no compulsion on any one to join a co operation society or having once joined it to continues as such.
Co-operation being essentially a movement with a social purpose. It necessary that all eligible person should be welcome to join the society when ever they so desire. The commission remarked that the society should demand from its members no other allegiance or loyalty than what is owned to itself and its own democratic decision and should admit all who are prepared in good faith to gave their allegiance.

Society should follows the principle of open membership these should be no objection to its prescribing certain qualification the mirdha commission 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 Interest open membership does not mean that any body can demand right of admission to any Co operative society

A member of a society avail of the service which the society is capable of rendoring. A member who can not avail of the service of ther society or does not intentionally avail of them has no justifiable claim to remain its membership.

DEMOCRATIC ADMINISTRATION

The commission observed co-operative societies are democratic oraganisation. Their affair should be administered by person elected in a
manner agreed by the member of primary society should enjoy the right to voting and participation in decision affecting their society.

The primary society the administration should be conducted on a democratic basis in a suitable form. The following are Rochdale pioneers principles.

[a] Each member have only one vote
[b] Majorities rule in all matter of government
[c] Committees of management always have the authority of the members before taking any important step.
[d] Chose only those for your leader's whom you can trust and give them your confidence.

LIMITED INTEREST ON CAPITAL

The principle of fixed interest on capital was earlier advocated by Robert owen and the Richdale pioneers adopted this.

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 paying is not out of fairness but solely out of necessity. So long as co-operative function in a society where looms must be paid for it is inevitable that the movement should pay a fixed interest on its Capital.
The year of 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 commission worded this principle as "limited Interest on capital" which could give the impression that payment of interests obligatory there is no compulsion.

The year of 1996 commission made this point quite clear "there is no Cooperative principle which obliges interest to be paid on share capital the rate should be limited and fixed" in this commission apply not only to the minimum share holding prescribed in the rules of a co operation.

PATRONAGE DIVIDEND

Now days they were practical men aid so decided to adopt the device of dividend on purchase in order to after the members some immediate advantages. The British wage earner's economic position in the hungry 1940 needed relief then and there It Would not permit than to make sacrifices for a distance community ideal.

The dividend on purchase was to be regarded as the basic principle of our cooperatives economic system and the private on which the non-profit making organization of commerce and industry reverses. "The committee re defines this principles as the principle of the distribution of the surplus
among the members of in proportion to their contribution to the operations of the society whether by purchase delivers of produce or labour” this is wide enough to cover marketing societies.

Prof paur lamb art has explained the implication of this principles in an excellent manner. The vital features of the divided principle is a negative one i.e. the ban on an distribution of the net surplus in properties to the capital contribution. Cooperative theory bases itself on the individual in its attitude towards authority and the distribution of the surplus authority derived from the principle of one and one vote. While the distribution of the surplus gives each member a share proportion to the part he has played in the work of the cooperative thus the link between the two principle is in their.

Common emphasis on the individual the real principle underlying the idea of dividend is the provision of goods and services at cost rather than profit provided is simply the method of returning any overcharge to members.

(V) PROMOTION OF EDUCATION

All cooperatives societies should make provision for the education of their member officers and employees and the general public in the principle and techniques of cooperative economic and democratic. Cooperative
society is voluntarily organisation and member cannot be kept together by compulsion. Publicity of Cooperative principle is the only alternatives in order to secure intelligent participation of the member in the working of societies it is necessary that continuous system of education be evolved and member kept informed of the decision and activities of the society.

Cooperative is an education programe employing economic action and continues education of the members and over began to set aside a fixed sum of the surplus for education purpose.

(VI) MUTUALITY

The principle of mutually the commission observed all cooperatives organization in order to best serve the interest of their committees should actively cooperative in every practical way with other cooperative at local national and international levels. Financially weak individual and cannot derive materials advantages which rich people with all their resources and connection in order to convert their weakness into strength the members pool their resources and weak together for mutual benefit

Weaker society standing individually will naturally not be able to withstand competition from the growing private business concern.
IMPORTANCE OF THE HANDLOOM INDUSTRY.

Handloom industry is independent unit but depends for its yarn supply. It is the mill sector which supplies all the yarn that is needed by the handloom industries. However the weaving mill sector is independent and is a competition with the products of the handloom industry has been able to face this competition and service.

The uniqueness of their industry lies in the quality of its products. As already observed the textile manufactured by handloom sectors have a market of their own because of the difference in quality and products. The design have been changing from time and the market has always reacted favorable to the new product and their quality.

Handloom industry is traditional industries this was the industry predicting the cloth needed by the people. It met what the people wanted and supply, demand relationship was based on mutual interest of employment profit and satisfaction of wants.

Industrial evaluation and this enhanced in India in course of time with the gradual introduction and growth of a similar mill sector which present controls a substantial segment of industry the growth of mill sector has had its impact on the handloom industry.
The industry has been able to maintain its own identity, this due to the fundamental fact that it was an organization and structure which is very different from the mill sector. It is unique in its individually and in the production of quality goods which maintain their own identity.

Hand spinning which provided occupation to a large number of people of people was completely replaced by the increased use of mill yarn at the outset large quantities of mill yarn were imported and subsequently reduces mill yarn was made available to had loom and this struck a moral blow to the independence of the industry. However in spirit of such halers the handloom industry managed to survive largely because of the strong preference of Indian woman to sarees and khans and the handloom industry managed to survive. But with establishment of the first textile mill in Bombay in 1851 handloom industry started facing competition from indigenous textile mill.
ESTABLISHMENT OF WEAVING FACTORY AND CO-OPERATIVE SOCIETY

Co-operative society is formed and directed by an association of users, applying itself the rules of democracy and directly indented to serve both its own member and its community as a whole. Co-operative bank is the organization which provides the above said facilities. It crates the awareness among the people about the co-operative system.

The year 1905 Mr.chatterton specially appointed as the inspector of technical schools and the superintendent of the school of art to continue the experimental work in a properly organized hand loom factory.

In 1965 a weaving factory was establishment at Salem district where there was a large weaving population this factory was working on a commercial purpose. Besides cotton goods Silk clothes and worsted shawls were manufactured and sale receipts in some years amounted to above 10,000 this senses proved the factory undoing.

The government covered an industrial conference at attachment. This conference of 1908 felt that the handloom industry was in the main suffering from lack of knowledge and lack of organization. The problem of weaver’s had always been the disposal of firms heel products. The small men were under the clutches of big men and the latter were unwilling to give the former equal treatment. After consideration of these factors the first society was started in congupuram.
In 1928 when the handloom industries started that there were then 63 weavers societies for the purchase of raw material and sale of finished good and 73 credit societies.

Handloom industry based on agriculture field. This industry development of village industry on co-operative lines. Which was essential for their survival in the face of increasing Compton from the organized industry in 1934 the government of India announced a decision of subsidize state government by paying a sum of Rs 5,00,000 still the grievances of the industries remained unsolved an in 1941 the government of India appointed a fact finding committee.

The committee recommended the formation of an all India handloom board to look after the raw material marketing and administration. Of grants in aid an all India handloom board was constituted in 1955 which function till 1947.

The faction of the board was to advise on problem of handloom inland particular to examine scheme for the improvement of the industry. Based on the suggestion of the board and several other committee the government from time to time replacement of several policies and programs for the reimplementation of the industry.

After independence in 1947 both the state as will as the central government look various measures to reliability the handloom industry but it
is only since 1950 and more especially since 1952 that the industry has been placed on a somewhat organized footing as a result of which it began to show tremendous progress. Emergence of India as an independent country has established its own place in the national economy of our country. With the coming into existence of the all India handloom board in 1952 a new act has began in the annual of handloom industry and under its aegis massive program aimed at developing the handloom industry on sound co-operation lines and increasing production marketing of handloom cloth had been undertaken by the government.

CO-OPERATIVE TREND IN FOREIGN COUNTRIES

RUSSIA

Co-operation movement in Russia has made super progress in the field the movement began their in the land of the 19th country progress traveled across the sea. First attempt were made in 1864 when some co-operative stores and credit societies were organized.

Labor's can be said to be the earliest form of co-operative activity in Russia. According to the Russia law an arte is defined as an association formed to carry on certain Industries or render personal service on the joint responsibility of the members of the aretel and on their joint account. Credit co-operative society were set up in the country to flight the evil of money
lender the main objectives grant loans to them for agricultures requirement. some loan and saving societies were organized they secured their initial funds from the member in the shape capital.

Cooperative societies were organization in the end of the 19th century when the news of rchdal pioneers reached Russia.

CHINA

Introduction and development of the cooperation movement in the country. Very old time mutual benefits and loan societies existed but they did not cover any significant field. The founder of the Chinese republic gave a load to the movement seriously immediately after taking up the reigns of government be set out to eradicate poverty of the people by organization the cooperative movement.

In the year of 1924 in which it recommended the introduction of the cooperative movement has a measure to improve the economic condition of the people. The provincial government also started taking interest and appointed necessary staff for organizing and supervising societies. These society received financial assistance from the farmer’s or commercial Bank.
CO-OPERATION IN INDUSTRIAL SECTOR

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 has been very quick. In 1950 there were only 311 Industrial society in 1951 the number of societies rose to 1,321 with a membership of 26,400 in 1983 there were some 60,000 handicraft co-operative accounting for over 40 percent of total national output of light Industry and employing about 6.5 workers.

The society are organized by the member to arrange joint purchase of raw material and equipment to collectively market their produce.

The main objectives of the co-operative society are to reduce manufacturing cost, improving working method and promotion sales and adopting various technical development. Government gives assistance to these societies the tools and machines required by the societies are supplied at cheep rates from the government owned factory. The state bank gives loans at cheap rate and special tax relief is given to co-operatives.

ENGLAND

Robert Owen, is the invented small spinning machines also. His aides were based on a philosophy of which Owen himself was the author. He started is practical work by introducing reform in his own factory. He
reduced the hours of work increased wages abolished child labour and provided housing colonies.

Robert Owen introduced “labour Exchange these exchange however were soon glutted with available articles and failed”. Consumer retail society are the most important in the British co-operative movement judged by the public support, financial strength and continuity.

In 1990 these were 14,000 co-operative retail consumer societies by 1986 their number had down to only 125 became of mergers.

CO-OPERATION IN CANADA

Canada occupies total area of about 4 million 89 miles. Which it the world second largest country in size and three times as a big as Indian.

The co-operative movement in Canada play in the agriculture department particularly helped the farmers in the prairie providers in marketing their wheat and other agricultural product. The movement serves about 40% of Canada’s rural population. Marketing and purchasing co-operative were most important group with over 1500 societies followed by services co-operative numbering 654 and agricultural has remained always an important occupation of the people the first co-operative institution developed among the framers.
The co-operative wholesale societies are topped by a national organization. Namely inter provincial co-operative Ltd. This is a center supplier to co-operative wholesale society and has its headquarters at winning the most important among the whole sale societies is the federation co-operative limited.

Canadian people start a western co-operative fertilizers plant the factory started October 1965 and 1966 started feed plant in co-operative basis and oil production, refinery and distribution complex consisting of oil distribution societies at the based and the consumer co-operative refineries at the top have a period history of development and needed a special mention.

Petroleum is thus a major item in farm requirement in early thirties grain prices feel to all-time low and in order to bring down the cost of cultivation. The farmers demanded a reduction in the price of petroleum.

OTHER CO-OPERATIVE BUSINESS

1. Forest product services in federation co-operative limited.
2. Warehouses in co-operative method.
3. Food processing system for co-operating association.
4. Fishermen organization in co-operative.
CO-OPERATION MOVEMENT IN GERMANY

Germany started co-operative credit movement in the world firstly. In India followed for the co-operative movement came largely from Germany.

In 1849, Mr. Aermann Schelze founded his firstly friendly societies of shoemakers with the object of making purchases of new material in balk and supplying it to members in 1850 he founded his first credit society in his native town. Its objective was raise funds to be but to its members. The number of his bank grew rapidly and in 1986. Which resolved to setup union of German industrial societies.

Raifferson organized in 1849 the union and aid of improver shed farmer's in which needy farmers joined as members. The union of raised fund and the recusily of the well to do persons of the locally whom raiffersed had persuaded too staid as sureties. He union was great success and a number of farmers were saved from the clutches of user.

1945 after the country divided in German democratic republic and federal public of Germany. Co-operative movement also development of different line in these two countries. These two parts of Germany again started united.

Co-operative movement in German demarcate republic comprises mainly of co-operative form and consumers stores. All number work on the form and get monthly wages. Normally a worker get above 15,000 marks
per year as wages. At the end of the year members also get bones on the basis of profit earned by the firm. In case a member leaves the farm, in case to be a member and gets on share in the form can Joint its 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 amenities to the members.

REPUBLIC OF GERMANY

In the federal republic of Germany co-operative has developed in a variety of field and can be grouped under four heads.

The most important group of co-operative organization is the rural agricultural societies organized on raiffeisem model. Urban areas cooperative have developed with membership drawn from retailers, restaurant, doctors, druggists and others. And thirdly housing societies construct house for their members with the fineries from the members from the Government.

CO-OPERATION IN SWEDEN

Sweden was mainly an agricultural country and 75% of its population depended upon agriculture and subsidiary industries.
Sales and purchase association have been organized by 1-45 lakes farmers. The association have further organized the Swedish formers. The federated structure deals with the marketing of produce and supply of agricultural requirement agricultural produce sold locally as well as exported includes grains, cereals, scads, potatoes and straw feed 90% of the grain exported passes through these societies.

IRELAND

Co-operative movement in Ireland has develop mainly among the farmer. Co-operative was introduced among the British farmers by the organization of the first co-operative creamery in 1889 with efforts made by Horace plunked and his friends the number of societies increased rapidly and by 1984, agricultural supply societies for the joint purchases of seed and manure co-operative societies stores and credit societies work also organized.

In the year 1980 recess committee established on the report from agricultural department and technical instruction. 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.
CO-OPERATION IN ITALY

Labor societies special branch of co-operation 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.

The objects of the societies are to provide employment to members and for that purpose to take public work. The society undertake contracts for reclamation of land, construction of road and building excavation, drayage. The societies engage civil engineers which examine the estimates and specification of the proposed work and after a contract is accepted direct is execution.

HISTORY OF CO-OPERATIVE MOVEMENT IN INDIA

In India the development of the co-operative movement has been spectacular. The movement now cover about 98% of the village and 62% of the total rural population. The co-operative credit institution now meet as much as 56 percent of the total agricultural credit requirement of the formers in the country. The latest published figures there were 94,089 primary agricultural credit society having a membership of 6.35 crores.

30th June 1983 the working capital of these co-operative stood at Rs.4841 crores in 1982-83, short term credit advance stood at Rs.1908 crores and medium and long term investment credit at Rs.660 crores of all
the major co-operative activities consumer activity is the most recent. During 1985-86 the total retail Trade handled by the urban consumer co-operative was established at Rs.1702 crores in the rural area the total value of the consumer articles sold by the co-operative is also estimated at Rs.1650 crores in 1985-86.

**PRINCIPLE OF GROWTH**

Principle of growth mutual co-operation among co-operatives the spirit of this principle is that all co-operative organization in order to best serve interest of their members and their communities should actively co operate in every practical way with other operative at local, national and inter national level.

Main important principle of co-operative movement is the principle of self help through mutual help.

Prime minister Indira Gandhi has stated “I know of no other instrument so potentially powerful and full of social purpose as the co operative movement”

Co-operative movement in India started towards the beginning of the present century. At that time of the major aim in establishing co-operative society was to supply to formers cheap credit and to protect them from exploitation by money lenders.
The Government has from time to time taken important steps to reorganize and develop the co-operative movement in terms of the recommendation of various committees in various five-year plans. It has been considered as the basis of planned growth and social development.

The Government of India appointed the chairmanship of Shirk R.G. Serbia from co-operative development were the laissez-faire policies of the state, the illiteracy of the people, and the fact that the movement did not especially in its initial stages take the life of the individual as a whole. The other causes being the small size of the primary unit and under reliance on honorary service with resultant inefficiency in management.

First time this committee fixed an overall population in the limit of the co-operative movement with in a period of ten years again 25% of total marketable surplus of agricultural produce was to come under co-operative.

**CO-OPERATIVE MOVEMENT BEFORE INDEPENDENCE**

In the year of 1947 June there were 1.39 lakh societies having a membership of 91 lakhs. The total working capital of the co-operative institution amounted to Rs 156 cores. Primary of the total society there were about 73 percent of the total societies there were about 7600 marketing society but the value of goods sold by them amounted to only Rs 3 crores. A large position of the business of these institutions was how ever in the
nature of distribution of essential articles such as food grain cloth and other necessaries.

Was due to the laissez fair police of the Government and the general illiteracy of the masses the death of trained staff has not a little to do with trade growth in some of the sate the movement suffered badly on account of the treacherous season in fact the fickle monsoon had been the enemy number one of the co operative movement in some of the states. The movement had also to face unabated opposition from money lender’ or bonaras and other vested interested who were carrying on their own money lending business

**CO-OPERATION IN FIVE YEAR PLANNING**

The co operation planning committee has stated the co operative societies has an important role to play as the most suitable medium for the democratization of economic planning it provided the local unit which can fulfill the dual function of education public opinion in favor of a plan and of executing.

**THE FIRST FIVE YEAR PLAN**

The first five year plan which was launched in 1950-51 described the co-operation movement as an indispensable instrument of planned action in the country.
In the first five year plan for achieving the goal of co-operation socialism the planning commission laid emphasis on co-ordination between village panchayats and co-operative societies multipurpose society co-operative farming and industrial co-operative societies.

The Reserve bank of India contacted an all India rural credit survey in 1951. report was published in 1954.

The report recommendation an integrated scheme of rural credit was executed. The state Government were authorized to become partners of the primary credit society through the medium of state co-operative bank. In 1st plan Rs.135 crores were distributed through the co-operative societies.

The percentage of A and B class societies was small in most of the states. The proportion of ‘C’ class societies to total societies was as high as 85% in Madhya pradesh 79% in Tamilnadu, 74% in Andhra pradesh, 67% in Orissa.

SECOND FIVE YEAR PLAN

The second five year plan set before itself the board objective of evolving a socialistic pattern of society. Co-operative sector become one of the central aims of the national policy during the plan period the co-operative movement was no more confined to credit societies alone. But it was widely extended to marketing ware housing buffer stocks.
The co-operative plans for the second plan were lardy formulated on the basis of the recommendations of the Rural credit survey committee. The council considered that for the development of co-operation as a people movement in was essentials that co-operative should be organized on the basis of the village community as the primary unit and the responsibility and initiative for social and economic development at the village level be placed fully on the village co-operatives and the village panchayat.

THIRD FIVE YEAR PLAN

Third plan also co-operative movement was accorded a crucial role in implementing the scheme of economic development. A rapidly growing co-operative sector with special emphasis on the needs of the peasant the worker and the consumer was considered to be a vital factor for social stability. It provided Rs.80 crores for the development of co-operation as against Rs.34 crores in second plan. The target was to raise the number of co-operative agricultural credit societies from 2.1 lakhs so as to bring 100 percent village under the spare of this movement and to benefit vast population in the rural area about 600 primary societies 300 village go down and 980 Mandy godown were to be set up during the plan.

In the year plant developed. Dairy product and Animal Husbandry, Transport co-operation and Team on General Insurance co-operation.
FOURTH FIVE YEAR PLAN

Agricultural co-operative and consumer society were accorded a central position in the strategy of co-operative development. It plan ensure that co-operative have large and varies opportunities before them for effective use. The co-operative are being helped to equip themselves in important aspect like finance organization and Trained personnel.

In the fourth plan effort were made to spread and diversity the distribution of consumer articles in the rural areas through the village and marketing societies. The effort were to made to develop effective consumer service.

FIFTH PLAN

Fifth plan had been roughly estimated as Rs.3000 crores of these co-operative expected to meet over 40% as regards medium term and long term credit target of Rs.325 crores and Rs.1500 crores over the period of 5 years fifth plan.

COTTON PROCESSING

First plan period a few sporadic attempt in the development of cotton processing were noticed in some states. It was however in the second plan that specific forgets for establishment of cotton processing unit. Against this
Target the number of cotton processing units to which financial assistance was actually provided by national co-operative development board during the second plan numbered 137 the programme of co-operative processing unite under the third plan envisaged the establishment of 79 cotton processing units.

**PROGRESS OF COTTON PROCESSING SOCIETIES**

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</tr>
<tr>
<td>Membership</td>
<td>59,052</td>
<td>1,06,456</td>
<td>1,57,181</td>
<td>2,29,909</td>
</tr>
<tr>
<td>Cotton ginned (1000 tones)</td>
<td>-</td>
<td>210</td>
<td>400</td>
<td>571</td>
</tr>
<tr>
<td>Sales (Rs. in crores)</td>
<td>8.54</td>
<td>17.38</td>
<td>71.84</td>
<td>65.01</td>
</tr>
</tbody>
</table>

Co-operative sector the number of co-operative spinning mills increased from 21 in 1961-62 to 146 in 1981-82. The number of spindles under their fold increased from 6.9 lakhs in 1964-65 to 36.21 lakhs in 1981-82 the value of yarn sold by them in cursed from Rs.61 crores to Rs.194 crores during the same period. During 1981-82 39 mills worked at profit 24 mills at loss and 83 mills worked without profit or loss.
CO-OPERATIVE HANDLOOM INDUSTRY IN TAMILNADU

Handloom weaving societies provided employment to another 2.4 lakhs person in the state who were engaged in preparatory work such as winding of yarn, preparation of warp sizing etc. Nearing 89% of the preparing workers were women and children. Together with those engaged in the weaving activity the handloom sector provided direct and indirect employment for 10.22 lakhs persons in the state accounting for 6.81% of the state rural work force.

The weaver's producer various types of cloth for the requirement of the temple. The royal house hold and the common people or of the main articles of weaving was the pudavai. The putavai was the dress of the women. The seevaka chintamani says that women wore sarees with folds and drops at the and the main articles of clothing women for the common man were vetti and uttariyam. The vetti whom from the waist downward being roughly one and a half yards in length and the tutorial worn to cover the upper body during the period of clothing choler reference is made to the surrapudavai, Niravadipudavai and men apparel such as vddi and uttiriyam.

The government of Tamilnadu have set up an elaborate and comprehensive infrastructure for extending physical, technical and financial support to the handloom weavers in the state.
The director of Handloom and Textiles at Madras is the status of authority for planning and co-coordinating the implementation of the various program for the promotion and development of the handloom Industry. The DH & T is also state register for weavers co-op societies and co-op spinning mill in the state. The DH & T is assisted at the state and the district levels by administration and Technical officers.

Thailand state is divided in 18 circles and each circle is under the control of an assistant director of handloom and textiles the head quarters of the 18 circles are at Kancheepuram, Vellore, Thiruchirapalli, Chidambaram, Salem, Thiruchengodu, Erode, Coimbatore, Madurai, Virudhunagar, Didugal, Manamadurai, Thirunelveli, Nagarkoil, cuddalore Thiruvarur, Kumbakonam, Thiruvallore, A diagram will show the department circles in the state for administrating handloom industry.

Normally a handloom productivity in the state average production per loom per day was 4.8 meters as against 5% for the country. The intensity of handloom activity in the state average number of days worked per annum per house hold was reported to be 261 days as against 194 for the country as a whole of the 2.5 lakhs weaver house hold in the state 1.9 lakhs 72% registered a monthly income of less than Rs.500 per house hold. Only 13% of the weaver families in the state reported an income of more than Rs.750 per month from handloom weaving.
The leading weaver communities of the Tamil country were the slayer and the kaikkolor during the chola period that is roily from the 10\textsuperscript{th} to 14\textsuperscript{th} centuries it was the saliyar who farmed the major weaving community and they were called as choliya-saliyar. The kaikolar seem to have functioned in chole period primarily as soldiers and member of the special troop of the king. Full fledged weaver’s and emerged as the pre dominant community in Tamilnadu.

Thanjavor district sbiyali, Ranting, and kumbakonam taluks were cotton growing area and weaving centers and there were linked to pattinam in the inscription.

Ramanathapuram district, Tirupattur as well as Sivagangai taluks, cultivation of cotton and existance of cloth merchant is mentioned. Madurai was center of cotton production and weaving and also had a port korkai chringalpat again had numbers cotton production centers and the out let was chaturavachappattinam the flowrising part sadras of the 17\textsuperscript{th} century.

Mamallapuram had been the pallava post for kanchipuram during the 17\textsuperscript{th} and 18\textsuperscript{th} centuries and even later in continue as active port.

Handloom industries establishment of the first Textile mill in Bombay in 1851 handloom Industry started facing competition from indigenous textile mill.
Handloom industry has reestablished its own place in the national economy of our country with the coming into existence of the act India handloom board in 1952 a new era has began in the annual of the handloom industry sound co-operative lines and increasing production and marketing of handloom cloth had been under taken by the Government.

HANDLOOM INDUSTRY IN NAMAKKAL DISTRICT

Handloom industry is this place in Namakkal District the first one is lorry Body Bulding and secondly poultry form for each produce.

The number of loom in the district at the time was 1963, distributed in Namakkal, paramathi, sendamangalam, Rasipuram, Mohanor the number probably kept increasing until the intensive method adopted by the commercial residence. The investment itself ceased with the departure of JM HE OM 1925.

The year 1870 cloth manufactured for government during the famine by distressed weavers made over the commission to Mrs.MC Dowell and company madras in Namakkal there were some 500 weavers who manufactured white cloth of superior description half of the production was sold locally while the rest was exported to Bangalore, Mysore Salem and tiruchirappalli, new encouragement come in the shape of weaver colonies by
advancing money to the master weaver and by exporting the finished goods to England.

With the invention of textile manufacturing machine and the resulting declining of exports of handloom cloth to England there was steady fall in the demand for salem products. Raw material exported to England come back to India as finished product driving salem products act of the market the colorial salem handloom was no match to the imprious English mills. By the middle of the 19th century the industry had a small dimension.

Experiments in improved method of handloom weaving commenced in 1901-1902 in 1906 a weaving institute was opened in Salem and Namakkal. The governor of Madras presidency to improve the performance and living condition of the weavers by introducing fly shuttle slay test shoed that the list looms fitted with fly shuttle was a efficient as any other type of improved handloom in the market.

The madras government organized peripatetic weaving demonstration between 1913 and 1923. They went around the province persuading weaver's to adopt fly shuttle slay to reduce the cost of warp preparation to produce textile other than plain cloth and to weaver finer and improved quality of cloth.

A textile institute was started at Madras in 1922 to undertake studies and research in all respect of handloom weaving including the construction
and demonstration of improved weaving appliances. During the year between 1923 and 1929 the monsoons were erratic creating serve fluctuations in the textile market. In the year following 1929 the import of Japanese Textile and the increased production by the mills in madras made the lot of handloom weavers intolerable.

WEAVERS CO-OPERATIVES AND THE BY LAWS

The principal object of the society is to improve the handloom industry and the economic condition of the weavers residing in the area of operation mentioned in by-law.

WEAVERS OBJECTS

1. To purchase such raw materials and appliances as may be required for the handloom industry and retail the same either for cash or credit to the members residing in these places.

2. To purchase yarn and other raw materials and advance the same to weaver. Member who shall convert them into finished goods and deliver them to the society to pay wages for such conversion and to arrange for the marketing of the finished goods to the best advantage of the society.

3. To purchase and hold on common or let on wise improved appliances connected with the industry.
MEMBERSHIP

Any weaver over eighteen year of age who is competent to contract under section 11 of the Indian contract act 1872 residing with in the area of operation of the society referred to in by law no.1 shall be eligible for admission as a member subject to the provision of by law no.11 provided that

1) A person who is a minor or of unsound --- may be admitted as a member.

2) His transactions with the society shall be only through his guardian.

3) He shall be liable to all the obligations of member and shall be eligible to enjoy all the right of a member except the right to rote the general meeting or in any election and the right to contest for elections to the board or held office as a member of the board.

The Tamilnadu state Government shall also be eligible for admission as a member.

SHARES AND ENTRANCE FEES

1) Every member shall take at least one share. The value of each share shall be paid n one lump sum. Every member shall pay an entrance fee of rupee one per share subject to a maximum of
Rs.50/- no entrance fee shall be payable by nominee or heir of a deceased member for shares claimed by him. Either by nomination or by succession or by the government when the government have taken shares in the society.

2) Payment of share capital and entrance fee shall be made either by sending the required amount by money order or postal order sent by registered post with acknowledgement due or by making direct remittance into the society or by any other mode approved for the purpose by the society or the registrar.

3) With the sanction of the board a member may at any time increase the number of shares held by him but no member shall take more than 100 shares.

ADMISSION OF MEMBERS

1) Every individual seeking admission as a member of the society shall make an application in form No. 16 prescribed in the rules.

2) The application shall be sent to the society either by registered post with acknowledgement due or personally handed over under acknowledgement to an officer or servant of the society authorized in this behalf by the society.
3) Every individual seeking admission as a member of the society shall along with the application for admission pay the value of at least one share and entrance fees. Such payment shall be made in the manner specified in by-law (9)2.

4) The secretary where there is no secretary the president shall place or cause to be placed all applications for membership before the board for its decision.

5) Every individual eligible for admission as a member of the society under the provision of the act, the Rule and they by laws on application made in the manner specified incuses (1), (2) and (3) above and admitted by the Board as a member of the society with effect from the date of receipt of such application in the office of the society.

Provided that the board may for good and sufficient reasons to be recorded in the minutes of the meeting at which the application for admission is considered refuse admission any individual.

6) The decision of the board granting or refusing to grant admission shall be communicated to the applicant with in a period of sixty days from the date of receipt of the application in the office of the society. If it is not communicated within the said period of 60 days the individual shall be deemed to have been admitted as a member of the society on
the sixth day after the date of receipt of the application in the office of
the society.

7. The society may send an application to the registrar seeking removal
of any individual deemed to have been admitted as the member is
such individual is not eligible to be a member of the society under the
provisions of the Act the rules and these by laws.

8. Any person who is refused admission by the board may appeal to the
registrar under section 152(2) (b) of the act.

**DISQUALIFICATION FOR MEMBERSHIP**

No person shall be eligible for admission as a member of the society if
he

(a) Is an applicant to be adjudicated an insolvent of or is an under
charged insolvent.

(b) Has been sent a need for any offence involving moral furpitate
punishable under any law with imprisonment for one year and up
words such sentence not having been annelid and a period of one
year has not elapsed from the date of the sentence.

(c) Is a paid officer or servant of the society or of its financing back:

(d) Has been expulled from membership. Under the act and a period
of three years has not elapsed from the date of such expulsion.
(e) Is engaged directly or indirectly in a business or industry or activity similar to that of the society or inconsistent with or prejudicial to the work of the society.

(f) Has resigned from the membership of the society and a period of one year has not elapsed from the date of such resignation.

(g) Is already a member of a society of the same class.

(h) Does not possess the qualification with reference to the principal object of the society prescribed in the rules or the by laws.

ASSOCIATE MEMBERS

1. Any manufacturer of or dealer in appliances day raw material and other accessories used by the society or by its members in the ---- or production of any commodity or any trade or commission agent or merchant dealing in the commodities produced by the society may be admitted as an associate member of the society.

2. An associate member shall not be required to contribute to the share capital of the society but shall pay an admission fee of Rs.5/- which shall not be refundable.

3. An associate member shall not be entitled to participate in the general meeting of the society or in the election to the board or to come an
officer of the society to any share in any form whatsoever in the assets or profit of the society.

4. An associate member of the society shall not be eligible for any patronage rebate bonus or divided.

5. An associate member of the society shall irrespective of the liability of the society be liable to contribute to the assets of the society. On its being wound up only to the extent of the dues which be may be owing to the society single or jointly with any other debtor.

TRANSFER OF SHARES HELD BY A MEMBER

1. No member shall be permitted to transfer his share held by him except with the previous approval of the board.

2. The board shall not accord such approval unless.

   a) the member has held the share or interest for the less than one year and

   b) The transfer is made to a member of the society.

3. Every transfer of shares shall pay transfer fee at the rate of Rs.1/- per share subject to a maximum of Rs.25/- at any one time.
WITHDRAWAL OF SHARES AND RESIGNATION FROM MEMBERSHIP

1. No member shall withdraw any share unless such member has held the share for not less than two years. No member shall resign from the membership within a period of two years from the date of his admission as a member of the society. After such period the Board may permit withdrawal of share or resignation from membership provided that no debt is due to the society from such member either as a principal borrower or as a surety. The total share capital allowed to be withdrawn or refunded in any co-operative year shall not exceed ten percent of the share capital at the end of the previous co-operative year.

2) The restriction contained in clause (1) about shall not apply.

a) In the case of death of expulsion or removal of the member of the permanent shifting of his residence outside the area of operation of the society.

b) In the case where a person joins the society as a member and take share in the society for the purpose and obtaining loan or
service and the loan or service applied for by such person is not sanctioned or effused.

c] In the case where a member takes additional share in the society for the purpose of obtaining loan or service and the loan or service applied for by such member is not sanctioned or refused.

d] In the case where the refund of share is made to the Government.

3) When a member resign his membership the shall send a letter of resignation to the society either by registered post or by personal delivery under acknowledgement. the resignation shall take effect only from the date on which it is accepted by the board.

4) For the purpose of making refund of share capital under any of the provision of theses by laws the society shall ascertain the value of the share in the manner. Specified in rule 44 of the rules and make the refund according to the value so ascertained.

The share of the society shall not be hypothecated as a security for loan.
INSPECT THEIR ACCOUNTS

Any member of the society may at any time during office house inspect the account of the society in so far as they relate to his transaction with it either by him self or by an agent who is member of the society specially authorized by him in writing on payment of a fees of five rupee for any co operative year to which the account to inspected relate three rupee for any one movement at any such inspection.

CONDUCT OF GENERAL MEETING

1] The meeting of general body shall be held either at the premises of the society or at any public place at the head quarters of the society to which all the member there of shall have access.

2] Not less than seven days notice shall be given to members for the general meeting.

3] The notice of the meeting shall be sent to the members by one or more of the following modes namely.

a] By giving or tendering it to the member under his acknowledgement

b] If the member is not fount by giving or tendering it to dome adult member of his family under his acknowledgement

c] By publication in one or more local newspaper having circulation
in the area of operation of the society and approved by the
Government for issued of Government a advertisement.

The society shall in addition to sending notice by one of the
modes a forces aid also display the notice in the notice board of
the society or one or more publics place with in the area of
operation of the society

4] The meeting shall be presided over by the president or in his absence
the vice president if both the president and vice president are absent
the member present shall choose one among them to preside over the
meetings.

5] Save as other wise provided under the act and the rules the quorum for
the general meeting shall be not less than one fourth of the total
members on the list at the time or twenty five members which ever is
less.

6] Every subject which may come before the meeting shall be decided by
a majority of the members present and voting at the meeting and in
ever case of equality of votes the president of the meeting shall have a
casting vote.

7] It shall be the duty of ever member to attend the meeting of the
general Body but no member shall be entitled to attach and participate
in the meeting in which he is interested directly or indirectly is under consideration.

Provided that it shall not apply to a member of the society attending and participating in the special meeting of the general body convened under by law no 18 for expulsion of such member. Every member attending the Government meeting shall sign in the minute book and every resolution of the meeting shall be recorded in the minute's book. The dissent of any member or mammary to any resolution passed at the General meeting shall also be recorded in the minutes book if he or they so desired. The president of the meeting shall attest the minutes so recorded.

POWER AND DUTIES OF PRESIDENT

1. The president shall have general control over the affairs of the society and execute all the powers and functions vested with him under the act, the rules, and these by law.

   Provided that he shall not interest free with the day to day administration of the society by the paid officers and servants of the society or with the exercise of the power or the performance of the function vested with them under the act, the rules, and these by law.

2. The president shall preside over the general meeting.

3. The president shall president over the meeting of the board.
4. The president shall be the ex officer tracer of the society and shall have joint coast today of cash and securities along with the secretary or any other officer or employee of the society as authorized by the board.

5. The president and the secretary shall sign endorse and negotiate cheque and other instrument on behalf of the society

6. If there is no executive the president of society
   a] Shall be the officer to sue or be send on behalf of the society and all bonds in favor of the society shall being the name of the president. 
   b] Shall have the custody of all the properties of the society other than cash and securities.
   c] Shall bound to keep and maintain such account and book relating to the society in such manner as prescribed in the rules.
   d] Shall be responsible for the correct and up to date maintenance of such accounts and book, for producing them when called for in connection with audit, enquiry, inspection or investigation of book under the provision of the act.

7. The vice-president shall exercise all the power and function of the president when the office of the president in vacant, unit the election of a successor to the office of the president
8. If the president is continuously absent from the area of operation of the society or otherwise unable to exercise his powers or perform his functions for any other reasons for more than 10 days it shall be open to the board to authorize the vice-president to exercise the powers and perform the function of the president during such absent or inability.

9. When the officers of both president and the vice president are vacant or if both the president and vice president are continuously absent from the area of operations of the society or unable to exercise the powers or perform the functions of the president for more than ten days. It shall be open to the board to authorize any member of the board of exercise to power and perform the functions of the president during such vacancy absence or inability.

Provided that no membership so authorized shall exercise the power and perform the function of the president for a period exceeding 3 months without specific approval of the registrar.