CHAPTER XII

(D)

CO-OPERATION IN THE AREA UNDER STUDY

Introduction:

Co-operation is a world movement today playing a vital role in the economy of both capitalist and socialist countries. Co-operation is one of the principal means of bringing about changes of a fundamental nature with the rural economy and that co-operation should progressively become the principal basis of organisation in many branches of economic activity. The social purpose which the co-operative movement is expected to fulfil is remunerative prices to the producer, reasonable prices to the consumers, democratic management of industries and education in self-help.

The history of co-operative movement in India is more than sixty years old. It is however, only in the post-independence era, more particularly in the period since the beginning of the Second Plan in 1956, that it has started making worth while impact on the economy of the country and fulfilling some of the aims it was meant to subserve. Now it is an admitted fact that without any adequate system of credit, the farmer will not be able
to implement the various schemes of agricultural development. The spread of co-operative movement is considered to be the best and ever lasting solution to the problem of agricultural credit in particular and that of the rural/economy in general. Our late Prime Minister Pt. Nehru emphasised the importance of co-operation in the democratic reconstruction of our economic life when he talked of the village co-operative as one of the three basic institutions of rural India. He said, "I want a co-operative in every village serving the economic needs of the people and teaching them the co-operative way of life and making it into a mental habit."1

In the present survey, data were collected regarding the co-operative societies in the blocks, membership in them, share capital raised and loan advanced to members. With a view point to measure the impact, the figures prior to five years of the survey i.e. 1961-62 were collected in the blocks where available. The villagers were also interviewed in the aspect of co-operation and benefit derived from the same. It was also attempted to record the details of the co-operative societies existing in the villages surveyed but such details could not be available. Only the type of societies working in the villages and membership therein could be noted. The villagers were also asked to report their difficulties experienced during raising the loans from co-operatives.

Number of Societies in the Blocks Under study:-

In the following pages of the analysis of

1. Quoted by Shri R.N. Gupta in "Co-operative Movement in India, Recent Trends" Kurukshetra May, 66, p. 22
co-operative societies, they have been divided into four types, credit co-operative societies, industrial societies, farming societies and others societies including multi-purpose and marketing societies. At the time of investigation there were 722 societies in all the blocks. Their classification by principal types, mentioned above is given in the following table.

Table No. 12:3

Distribution of co-operative societies by type.

<table>
<thead>
<tr>
<th>Type of society</th>
<th>Number of blocks</th>
<th>Number of societies</th>
<th>Percentage to total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Credit.</td>
<td>12</td>
<td>516</td>
<td></td>
</tr>
<tr>
<td>Industrial.</td>
<td>12</td>
<td>73</td>
<td></td>
</tr>
<tr>
<td>Farming.</td>
<td>10</td>
<td>52</td>
<td></td>
</tr>
<tr>
<td>Others.</td>
<td>12</td>
<td>76</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>12</td>
<td>722</td>
<td></td>
</tr>
</tbody>
</table>

The table shows that the largest proportion of co-operatives consists of credit societies which are mostly known as service societies in the villages. Next to these, comes industrial societies. Taking these together, account for more than three-fourths of the co-operative societies. Only two blocks were not having farming co-operative societies. Except one, all the blocks have got all types of societies. Credit co-operatives also took the distribution of seeds and fertilisers as well as nationed commodities. Farming societies include better farming and
collective farming societies. Other societies include housing, labour society, marketing societies and forest labour co-operatives etc. In all the blocks one or the other type of society of the last category existed. Broadly speaking there were two types of societies i.e. credit societies and non-credit societies, formerly being agricultural credit societies. But actually credit functions were also performed by other than service societies and other societies also performed certain type of services. Therefore, no clear-cut difference could be drawn into above two principal types.

Taking into consideration the number of societies per block, it ranges from 35 in Jabera block in Damoh district to 91 in Katni block in Jabalpur district. These figures are related to the year 1966, May and June. If we take the 1961 figures the corresponding number comes 19 in Jabalpur block to 50 in Marsimhanpur block. The distribution of blocks by the number of societies is given in the following table for the year 1966.

Table No. 129
Distribution of blocks by number of societies.

<table>
<thead>
<tr>
<th>Number of societies per block.</th>
<th>Number of block.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>25 - 50</td>
<td>5</td>
</tr>
<tr>
<td>51 - 100</td>
<td>7</td>
</tr>
<tr>
<td>above 100</td>
<td>Nil.</td>
</tr>
<tr>
<td>Total</td>
<td>12.</td>
</tr>
</tbody>
</table>

Thus more than 50 per cent blocks come into the
second category in respect of number of societies in them. In all, there were 722 societies in 12 blocks and average number of co-operatives per block in 1966 was 60 while in 1961 it was 39 only. Thus there has been a rise of more than 50% in the number of societies.

**Increase in the Number of Societies:**

In order to know the increase in the number of societies the figures of 1961-62 were collected which were available for 11 blocks. During the period of five years there has been 67.9% rise in the number of societies. The distribution of the blocks by the percentage rise in the number of co-operatives is given below.

**Table No. 12:10**

<table>
<thead>
<tr>
<th>Percentage increase in the number of co-operatives</th>
<th>number of blocks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 10</td>
<td>3</td>
</tr>
<tr>
<td>10 to 20</td>
<td>2</td>
</tr>
<tr>
<td>20 to 50</td>
<td>1</td>
</tr>
<tr>
<td>Above 50</td>
<td>5</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>67.9</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11</strong></td>
</tr>
</tbody>
</table>

The table shows that in 5 blocks there has been more than 50% increase in the number of co-operatives while in 45% blocks there was less than 20% increase. Taking into consideration
types of societies i.e. credit, industrial, farming and others, they have increased during the period by 48, 160, 205 and 100 per cent respectively. The largest rise has been registered in the number of farming societies.

On June 30, 1966, there were 30.5 co-operative societies per 100 villages while in 1961 this number was 18.2 only. The average ratio between the number of villages and of co-operative in 1966 was 3.2:1 and the corresponding figure for 1961-62 year was 5.5:1. It does not mean that rest of the villages did not get the benefit of these co-operatives. Actually speaking one society rendered the services for more than one village.

Membership in the Co-operatives:

Taking all types of societies, there were 34779 members in 10 blocks. The information of membership of two blocks could not be available. Average membership per block was 3477 and per society average membership was 69.2, ranging from 24 to 108. The distribution of blocks by average membership of co-operatives is given below.

**Table No. 12:11**

**Distribution of blocks by average membership in co-operatives**

<table>
<thead>
<tr>
<th>Average membership per society</th>
<th>Number of blocks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>20-40</td>
<td>1</td>
</tr>
<tr>
<td>40-80</td>
<td>6</td>
</tr>
<tr>
<td>80-100</td>
<td>2</td>
</tr>
<tr>
<td>Above 100</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
</tr>
</tbody>
</table>
of the blocks the average membership per society was less than 100 members. As regards total members of all the societies in all the blocks there were 52 members in 1966 per thousand population (1961) while this figure was only 25 in the year 1961.

Details of the Co-operatives in the Blocks.

Credit Societies in the Blocks:

In all the 12 blocks under study, there were 516 credit societies, the number of which ranged from 27 to 64 and worked out to an average of 43 for all the blocks. In the year 1961, the total credit societies were 345 only in all the blocks, the figures of one block being not available. In nine blocks the number of societies has risen while in one it has remained constant and in another the number has reduced by 25 per cent.

As regards membership of credit co-operatives, the comparable figures were available for 9 blocks only. The average membership per co-operative for the year 1966 was 2726, ranging from 1354 to 4547. The corresponding figure for the year 1961 was worked out to be 1364. Thus the number has gone up during the period by about 115 per cent. The comparable figure indicates that in all the nine blocks membership has risen.

Financial Position:

The figures were collected regarding financial position of the co-operatives but they were available for 9 blocks only while comparable figures were available for 7 blocks.
In nine blocks all the 391 credit co-operatives were having Rs. 637,801.00 share capital or average share capital per block was Rs. 708,66.00 in June 1966. The average share capital per society worked out to Rs. 1631.00 for the same period. The classification of blocks according to share capital held in 1966 is as follows:

Table No. 12:12

<table>
<thead>
<tr>
<th>Average working capital per society</th>
<th>Number of blocks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 500</td>
<td>2</td>
</tr>
<tr>
<td>500-1000</td>
<td>1</td>
</tr>
<tr>
<td>1000-2000</td>
<td>3</td>
</tr>
<tr>
<td>2000 and above</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9</strong></td>
</tr>
</tbody>
</table>

The table shows that 66 per cent of the blocks were having more than Rs. 1000.00 as share capital per society. While 33 per cent owned less than Rs. 1000.00 share capital per society.

The comparable figures were also available for 7 blocks only. For these blocks the average share capital per block was Rs. 602,10.00 in 1966 while it was Rs. 340,55.00 in 1961. Thus there was rise of 76 per cent in share capital of credit co-operatives during the period of 5 years. Taking into consideration comparable figures per society, it was Rs. 1700.00 in 1966 while...
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It was Rs. 1050.00 in 1961. Thus per society share capital has gone up by 62 per cent during the above period.

Loan Advanced to Members in Credit Co-operatives:

In nine blocks for which information was available, the average loan advanced per block in credit co-operatives was Rs. 366,391.00 in 1966. For this year average loan advanced per society in nine blocks was Rs. 3484.00 while per member loan advanced was on an average Rs. 135.00. As regards comparable figures, the information of credit co-operatives in above respect was available for 7 blocks only. In the year 1961 the average loan advanced per block in seven blocks was Rs. 237,082.00. For this period the average loan advanced per society in seven blocks worked out to Rs. 7365.00 while per member loan advanced was Rs. 152.00 as an average. As the uniform figures were not available for the year 1961-62 and 1965-66, no comparison is possible. Only it can be said that per member loan has reduced in the year 1966 compared to 1961 as the number of members has considerably increased.

An Appraisal of Credit Co-operatives:

Due to the development of credit societies, some benefits have taken place in the sphere of rural credit and the gain has accrued to the agriculturists arising out of lower rate of interest and the weakening of the vicious system of money-lending. But the progress has not been achieved to the desired extent. This is a general feature of these societies that the loan has been diverted to purposes other than those for which they were
taken. A sample survey conducted by the P.E.O. of the Planning Commission shows that nearly 23% of the credit is diverted to purposes for which it was not intended, about 23% was used for non-agricultural and non-productive purposes like repayment of debts and meeting personal expenditure. Loans taken for capital expenditure are diverted to less enduring purposes. Measures should be taken by which loans for land improvement can be encouraged.

It has also been observed that generally there is delay in the disposal of loan application. It has resulted in unnecessary formalities and limited operation and difficulty in getting the loan in proper time. Officials also expect illegal tips from the farmers while sanctioning the loans which is not desirable. Credit-worthiness must not be the only criteria for giving the loans but efforts must be made to cater more particularly to the needs of small land holders with genuine purpose of loan for the improvement of agriculture rather than those of the bigger landlords who should obtain loans from other sources.

It is also the defect of co-operative credit that the capital which is borrowed is not of the members but comes from Banks. Thus there is dependence to a great extent on external sources of finance. Societies have mostly failed to develop habits of saving and thrift. The societies should tap local savings to a much greater extent. "The broad test of viability should be the ability on the part of a co-operative society to meet the requisite expenses without depending upon financial assistance from Government except for a limited period."1

1. Third Five Year Plan, op. cit. p. 202
Short and medium term credit provided by service co-operatives caters to the current needs of production. Credit for longer periods for increasing the productive capacity of land is equally essential. There must be a close co-ordination between the land mortgage banks on the one hand and the various government departments working for the benefit of the agriculturists, on the other hand.

On the whole it can be said that in the field of rural credit the achievements of co-operative societies have not been remarkable. Central Banking Enquiry Committee admits that "there is very little evidence about the reduction of total indebtedness through the agency of the co-operative credit societies for they are not in a position to finance the agriculturists adequately for the discharge of old debts." Above all, possible efforts must be made to develop a keen urge among the masses themselves for co-operative action. No amount of hammering from above will go far enough.

Industrial Co-operative Societies:

In all the 12 blocks there were 78 industrial societies; means on an average there were 6.5 industrial co-operatives in each block in the year 1966 ranging from 1 to 12. In the year 1961 only 3 blocks had such societies ranging from 1 to 3 only and average number being 2.5 only. It means during the period of five years the number of industrial co-operatives went up by 160 per cent. In all the blocks the number of such co-operatives has increased except in one where it has reduced by 40 per cent. It may also be

1. Quoted by K.K. Dewett in "Indian Economics" p. 203
noted that in 1961 four blocks had not such industrial co-operatives.

As regards membership in these, the information was available for nine blocks in 1966 while for the year 1961 it was available in respect of 6 blocks only hence no comparison is possible. In nine blocks there were on an average 109 members per block and per society the average number worked out to 19 only. The corresponding figures for the year 1961 in six blocks for which information was available, were 97 members per block and 24 per industrial co-operative. It shows that in 1966 the members per society have reduced but it is so because the industrial co-operatives have also been doubled.

Financial Position:

Viewing the financial position of the industrial co-operatives in the blocks, in the year 1966 4 blocks for which information was available raised on an average share capital being Rs. 2838.00 per block. For the same year 31 industrial co-operatives in the said 4 blocks raised on an average Rs. 366.00 as share capital. The share capital for this period per member comes to Rs. 17.00 only. For the year, 1961 information was available in case of three blocks only for which share capital raised per block, per society and per member was Rs. 2994.00, 528.00 and Rs. 22.00 respectively. Due to the non-availability of the figures for the identical blocks in the year 1966 and 1961, the comparison and comment is not possible.

In respect of loan advanced to industrial co-operatives, the information was available for 3 blocks only in
in 1961 and 5 blocks in 1966. In the year 1966, 5 blocks advanced
loan on an average Rs. 12803.00 per block, the loan being Rs. 2134.00
per industrial society. For the same year the loan being Rs. 39.00
was advanced per member. For the year 1961, 3 blocks advanced loan per
on an average Rs. 6169.00 per block, the loan/society being Rs. 1157.00
and per member being Rs. 40.00 only.

Farming Co-operatives:

In the year 1961, only nine blocks had 17
farming societies while in the year 1966 ten block-s had 52 such
societies. Only in two blocks there were no farming societies. Thus
during the period of five years there was 200% increase in such
coopératives while the number of societies remained constant in
5 blocks, it increased appreciably in other 5 blocks.

As regards the membership, the information
was available for seven blocks for both the years, i.e. 1961 and 1966.
In the former, 7 blocks had average membership of 52 per block
with a range from 10 to 135 while in the latter year there were on
an average 202 members per block. Thus during the period the members
have increased by about 300 per cent. Taking into consideration
the number of members per society for seven blocks, it was 28 per
society on an average while it rose to 50 in 1966 giving an increase
of 73 per cent.

Financial Position:-

The information of share capital raised was
available for 4 blocks only for the year 1961 and 1966. The entire
share capital raised of farming societies was Rs. 3593.00 for the year 1960 and Rs. 125,65.00 for 1961. Thus average share capital per block was Rs. 3141.00 and 900.00 for 1961 and 1966 respectively while per society this figure came to Rs. 2094.00 and Rs. 400.00 respectively. Thus the share capital per society considerably reduced in 1966 compared to 1961. The share capital raised per member was Rs. 54.00 on an average in 1961 and Rs. 5.00 only for 1966 showing a huge reduction in share capital.

In case of loans advanced to the farming societies the information could not be available for the year 1961. In the year 1966 six blocks, for which information was available distributed average loan per block Rs. 79,333.00 only. The loan per society and per member amounted to an average worth Rs. 177,64.00 and Rs. 360.00 respectively.

Other Societies:

Other societies included marketing societies, labour contract and construction societies, fishery co-operatives, forest labour co-operatives, irrigation co-operatives etc. As regards marketing society each block had one society. The detailed information of marketing societies could not be available. in 1961 only ten blocks had such societies total being 38 while in 1966, the number rose to 76 giving a rise of 100 per cent. The number of such societies increased in seven blocks but it reduced in 2 blocks while remained constant in 3 blocks.

In the year 1961, the average membership of other societies in 9 blocks for which information was available,
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was 295 per block while for the year 1966, this was 674 per block. The average number of members per society was 106 in 1961 while it rose to 116 in 1966 increasing by 9% only. The number of members increased in seven blocks while decreased in two blocks in 1966 compared to 1961.

Financial Position:-

As regards the financial position of the societies including marketing, the detailed and comprehensive information both the year 1961 and 66 could not be available. For the year 1961 and 1966, the information in terms of share capital was available for 4 blocks only. On an average the share capital was raised Rs. 166,36.00 and Rs. 396,55.00 for the year 1961 and 66 respectively. Thus there was a rise of 132% in share capital during the period. The share capital per society on an average was Rs. 4760.00 and 5875.00 while it was Rs. 43.00 and Rs. 27.00 per member for the year 1961 and 66 respectively. The fall in the share capital per member in the year 1966 compared to 61 is due to the increase in the membership.

The information regarding loan advanced in other societies was available for 3 blocks only for both the years i.e. 1961 and 66. In 1961 the average loan advanced per blocks was Rs. 371,32.00 while for the latter it was Rs. 603,47.00, showing an increase of about 62% during the period. The loan advanced per society on an average worked out to Rs. 101,27.00 and 6963.00 for the year 1961 and 66 respectively while per member it was Rs. 58.00 and 38.00 in 1961 and 66 for the members of the societies.
In the villages surveyed, all the 24 villages were covered by co-operative credit societies. Out of them 12 or 50% had credit societies in villages themselves while 50% were attached to other villages societies for the need of their credit. Out of 24 villages only one village had better farming society with 11 shares of 1500.00 including Rs. 3000.00 from the blocks. No information was available about the functions and achievements of this society. Another village had one joint farming society with 16 members only. Industrial societies were not found in any village surveyed. The number of members of credit co-operatives which was available for 12 villages societies was on an average 29 per society with a range from 7 to 100.

The credit co-operatives in the villages did not only make the credit facilities available to the village-farmers but also rendered other services such as distribution of seeds, fertilisers and food grain including other commodities of ration. Viewing the working of all types of societies as a whole it can be said that only credit co-operatives have made an impact upon the farmers of the villages. To some extent their credit problem has been solved. But the interest of villagers in other societies like better farming, industrial and marketing has been lacking and such co-operatives have not made any impact upon the rural masses. As a result of it, co-operative farming has not become successful and even today industrial programme remains a weakest link in the rural economy. What is more important than the achievement of the targets, is the creation of a proper socio-economic frame work in which co-operative farming movement will grow and function smoothly
The discussion reveals that credit has been the main business of the societies in which mainly short term credit occupied the most of their working. It has been noted in the survey that most of the co-operative loans granted were based on land security with a result that farmers with small land holding could not benefit by these co-operatives and only big land holders reaped all the advantages. It is quite necessary that with the credit worthiness, the purpose of loan must also be given due importance. It was also reported that sometimes loans were used for the purposes other than for which they were taken. To remove it, credit should largely be provided in kind.

In spite of the establishment of marketing societies, it was reported that farmers sold away their produce to the middlemen and other agencies. It must be emphasised that co-operative marketing societies are expected to ensure a better return to the farmers on the produce raised by him after taking loan from co-operative sources. "The need for co-operative marketing arises from a variety of factors connected with the mal-practices in the existing system of agricultural marketing, particularly in conditions obtaining in India.... It is envisaged that the co-operative marketing of agricultural produce, if efficiently carried out, should help to reduce the price spread between the producer and the consumer and thereby to ensure a better return to the primary producer. "1 For this purpose education and training of the members is of the utmost importance.

Out of the villages surveyed, only one village had a consumer co-operative store. In general such co-operative stores have not developed in the blocks surveyed but must be borne in mind that the consumer movement in the context of price stabilisation has assumed a significant role in the present emergency. It has particularly come into prominence in the wake of rising prices and increased living cost. Unfortunately consumers movement has not been properly organised. There is a great need to start such consumer stores in the rural areas to save the village people from the exploitation through higher prices.

The villagers were also asked whether they realised any difficulties while getting the loan from credit co-operatives. It was reported that the farmers got the loan late and they had to submit the record of their land for the purpose of obtaining the loans but they could not get the same from the village Patwaris without much difficulties. Some of the members reported of the high rate of interest in the loans of these societies.

The observation also revealed that the village money lenders still today dominate the field and credit societies have not helped the farmers much to get rid of the clutches of money lenders. Most of the credit societies loans are repaid by taking fresh loans from the village money lenders. The village farmers are yet to be taught that they have to use the loans obtained through credit co-operatives for productive purposes in agriculture and to save themselves from the mal-practices of money lenders. The villagers are to be convinced that in the circumstances of today, the only suitable medium for all the developmental activities of our progress.