CHAPTER XV

NEED OF PLANNED COOPERATION

It has been seen in the foregoing chapters that cooperative movement as a whole has not made much headway in the state due to its haphazard (unsystematic) and uncoordinated development. A broad view of the important activities of the societies at the end of June 1952 may be had from the following table:

Table No. LXXXIII

Number of important kinds of societies (as on 30th June, 1952)
(Total Number of villages in the State = 17,478)

<table>
<thead>
<tr>
<th>Agricultural Sphere</th>
<th>No.</th>
<th>Non-Agricultural Sphere</th>
<th>No.</th>
<th>Social</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. &quot; Multipurpose &quot;</td>
<td>369</td>
<td>2. Credit &quot; (UnLtd)</td>
<td>403</td>
<td>2. Medical Aid</td>
<td>91</td>
</tr>
<tr>
<td>5. Cho &amp; Land Reclamation</td>
<td>633</td>
<td>5. Thrift Socs(Men)</td>
<td>697</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In the agricultural sphere out of a total number of 17,478 villages in the state only 8,075 villages i.e. less than 50%, have a cooperative credit society. Out of these societies only 40 percent have been classified as A and B, which shows that majority of them are not working efficiently. Their average membership is also very poor (i.e. 44) as compared to average number of 126 families per village. The number of multipurpose societies among them is small and even those are not working well. There is no agency for provision of long term finance to the agriculturists. The agricultural non-credit societies such as better farming, cattle breeding, bee keeping etc. have not proved their utility and were registered merely to increase the numerical strength, while those as veterinary first aid centres, soil conservation etc., some of which proved beneficial, were small in number. The marketing societies whose number
is also very small being only 10 in 1952, have not worked well due to their defective constitution and lack of any link with the village credit societies. Similarly in the non-agricultural sphere the credit societies among the backward classes have proved a failure. The number of societies among middle class people i.e. small businessmen and employees has been small and only a few of them have worked on the lines of urban banks. The industrial societies and consumers' stores have also not made much headway. In the social fields, some of the better living societies did do some useful constructive work in the past but these have lost their significance due to setting up of panchayats. The medical aid societies are no doubt functioning well, but their number is not much. Reviewing the position as a whole it is, thus, clear that cooperative organisations in the state have not developed to the extent desired.

Necessity of Cooperation: On the other hand the necessity of systematic and fuller development of cooperative organisations for persons of limited means in a mixed economy hardly needs much emphasis. In the sphere of agriculture an average agriculturist who is beset with numerous difficulties like uneconomic and scattered holdings, inadequacy of finance, and low bargaining power both as a buyer and a seller can improve his economic position to a great extent by taking advantage of self-help and mutual aid implied in the adoption of cooperative techniques in various sectors of his farming activity. In fact it is a necessity for him. As Mr. Calvert, observes "Agriculture has become a business, and the farmer must become a businessman.....He must study the most approved means of handling and marketing as well as of raising his goods. Independently he cannot do this with any hope of success; he must adopt the prevailing measures by which alone any large industry can withstand the strain of competition. He must organise, as he cannot combine his capital with that of his neighbours, he must combine himself with them, and this is what is meant by agricultural cooperation. For agriculture to be successful cooperation is essential. Throughout the world this truth
has been recognised by thinking men, and is being pressed upon the atten-
tion of all concerned. Cultivators can no longer ask themselves.
'shall we cooperate?' but when shall we begin to cooperate?" Similarly
in other spheres of economic activity for persons having small means it
is necessary for them to combine on cooperative lines to make self-help
and mutual aid effective as well as to save themselves from the unchecked
power of an individual capitalist. Moreover cooperative organisations
are not mere economic combinations but they are superior to other forms
of economic organisations because of certain principles under which they
work. While the idea of other combinations is the exploitation of others,
in cooperative institutions lies the idea of self-help, mutual aid and
defence of the poor against the rich. Besides being superior economic
organisations they are quite moral and social in their ideals. "The fact
that human beings meet together on equal terms to combine for the satis-
faction of a common need affords opportunity for the development of an
unselfish spirit which leads to higher things than material advantages." They are social organisations so far they aim at all possible improvements
in their members, whether in education, social customs or sanitation.
Their main object is the promotion of all round well-being of their mem-
bers. In addition to their above qualities cooperative organisations can

2. These principles are freedom, universality, democracy, equity and mu-
tual responsibility, which are not found in other forms of combina-
tions. The idea of freedom is reflected in voluntary membership.
The universality is reflected in the fact that everybody is permit-
ted to join the society at any time and irrespective of race, creed
or caste. The economic democracy is revealed in so far as each mem-
ber has got one vote irrespective of shares he holds in the so-
ciety. The equity is preserved by giving a moderate dividend on
the capital, the surplus being distributed among members in propor-
tion of their dealings with the undertaking. Mutual responsibility
is also ensured as each member takes part in the organisation him-
self and on the basis of equality. In additions to this cooperation
teaches to its members the lessons of business, advertisement cost
is saved to the nation. They provide better quality of goods and
have a check over large fluctuations in their demand and supply.
be highly useful as an instrument for the successful implementation of a national plan of the country specially under the democratic system. It is only through small organised units that the State can approach the masses for giving them technical guidance as well as for the execution of its development programmes. In this connection the Planning Commission has remarked:

"In a regime of planned development cooperation is an instrument, which while retaining some of the advantages of decentralisation and local initiative will yet serve willingly and readily the overall purposes and directives of the plan. This has been amply proved by the recent experience of India, as also of other countries, like the U.K. which have entered upon an era of democratic planning. The cooperative form of organisation can no longer be treated as only a species within the private sector. It is an indispensable instrument of planned economic action in a democracy ... As an instrument of democratic planning, combining initiative, mutual benefit and social purpose cooperation must be an essential feature of the programme for the implementation of the Five Year Plan."

Planning in Cooperation: Having realised the need of cooperative organisations for persons having small means to bring about an all round development and to make democratic planning successful it is essential that cooperative development in those fields where it is most suited should be planned in such a way as to give the maximum utility to the maximum number of such persons. This problem of planning cooperation has two aspects.

(a) Planning of their working: As business organisations the internal working of cooperatives should be coordinated and planned in such a way that gives the maximum economy and efficiency, and maximum advantages to its members. Every cooperative organisation is primarily a business

1. The First Five Year Plan, P.163 & 164.
2. Of course these will have to be properly linked, externally with private and public sector in a manner as to produce the maximum social net product. In a mixed economy all the three sectors i.e. public, private and cooperative must work in their proper spheres and their role should be complementary. For example, cottage industries working on cooperative basis should have proper link with large scale industries or certain spheres may be reserved for them. While it is also necessary that cooperatives should not operate in those fields, where they cannot work efficiently. Their external coordination with private and public agencies is however to be watched by the general planners (Planning Commission in this case) while it is the function of the cooperators to have internal planning.
organisation and unless it works on commercial lines it cannot compete with its rivals and bring more persons within its fold. Mr. J. J. Worely rightly observed, "Purely theoretical or philosophical appeals will not win the people for cooperation. Cooperation must be superior to its rivals in technique administration and tones."¹ This would require reorganisation of their working and their inter linking horizontally and vertically to achieve these objects. Besides, as, business organisations, they should cover all possible aspects of their members, in a systematic way to raise their income to the maximum possible extent. This, on the other hand, would also mean removal of unemployment among the middle classes by the State, which affects their efficiency. Due to keen competition on the trade side the margin of profit of the middle men is very low. This makes rather difficult for the cooperative organisations to compete with any honesty.²

(b) Planning for larger: The membership in cooperative organisations should be maximised. But that increase in membership should be real and not nominal. The members must be made fit for taking part in them by right type of education, having some minimum income for joining these business organisations and some economic equalities among them. There can neither be cooperation among the unequals nor among the too poor. Therefore steps must be taken to raise the very poor to a certain level while too rich persons should be taxed heavily to create some equalities. Mr. Warbase has rightly observed, "It is commonly assumed that people who have no resources cannot cooperate. The poor for this reason are not material for cooperation. This is testified too, by the fact that the very poor are less found in cooperative

¹ Social Philosophy of Cooperation, P.20.
² The ordinary trader keeps his margin of profit very low due to keen competition. But to compensate this he generally resort to malpractices. Both of these are not possible for the society. The society cannot have very low margin of profit, because it has to cover certain minimum establishment expenses incurred in employing good and honest staff, while to adopt malpractices is against the principles of cooperation.
societies, than are the middle class and the workers with moderate means.... It is not the lack of capacity that keeps the poor out of cooperative societies, but it is their inefficiency and their want of knowledge of cooperation.¹

To implement the above two measures full cooperation by the State and right sort of leadership are also essential. The State help is necessary in removing certain initial handicaps in the organisation of economically weak persons to compete with the stronger, to remove unemployment among the middle class, and to tone down steep inequalities. The right type of leadership is also essential, as Cooperation is a movement and that also a moral one for which selfless workers and leaders are required.

For studying the various means to achieve the above two objectives of the planned cooperation it will be convenient to divide the subject into three sectors, viz; (I) Agricultural (II) Non-agricultural and (III) Social as has been done in the previous chapters.

**Agricultural Sphere**

(a) Reorganisation of their working: In the agricultural sphere, so far the cooperative movement has mainly concerned itself with one aspect of the rural economic life i.e. provision of credit, and that also to a limited extent due to its inefficiency in various ways. The other aspects of economic and social life of agriculturists were, no doubt, taken up by various types of cooperative societies like sale and marketing, cattle breeding, better farming, better living, adult education etc. from time to time, but they did not derive much benefits due to certain basic defects: (1) All the activities of the cultivators' life were not taken at a time, (2) there was no coordination between the various organisation at the primary level or at the secondary level, (3) these did not receive the full support of the Government and (4) the number of primary institutions in the same village was large. For example in one village there

¹ Problem of Cooperation - Warhase, P.89.
were three to four cooperative societies, such as cattle breeding, better living, credit and soil conservation in addition to the panchayat, each dealing with different aspects of rural life. The number of honorary workers in a village being limited, all these societies received half hearted attention and the results were meagre. The loss was colossal in respect of amount, labour and time. In future, therefore, it would be necessary to take all these factors into account and to plan the activities not only in the economic field but also in the social field in such a way that there is a proper coordination of all the activities in the various sectors, and work is done efficiently and economically. This in fact is the real meaning of planned cooperation in the agricultural sphere. As Dr. Radha Kamal Mukerjee rightly remarked:

"Planning would not merely mean the rehabilitation of the bankrupt societies, their integration into improved societies, and reorganising the arrangement and agencies for short term and long term credit, but also what is even more essential relating the Cooperative Movement to the improvement of crop practice, crop marketing and rural reconstruction generally. As long as the Cooperative Movement does not link itself with the entire range of methods and agencies for the improvement of income and credit worthiness of the cultivator, it cannot be rescued from the mire of bankruptcy and the rut of business inefficiency into which it has fallen."

Thus, the aim of planned cooperation should be (1) the rehabilitation of the lower grade societies, (2) reorganisation of their working to make their services efficient, so that they may be able to hold their own against the private agencies (3) conversion of all the village credit societies into multi-purpose and the elimination of all such non-credit societies, which are not essential, including their proper coordination with the village panchayats. (4) Linking of the multipurpose societies with the central institutions, such as supply and marketing unions, central banks and land mortgage banks to cater for all the needs of the cultivators with due efficiency and economy. This will also include the linking of other village primary societies for specific purposes such as milk sellers societies or fruit growing societies with their respective unions to work on business lines. (5) Reorganisation of the existing

1. Planning the Countryside - P.93.
central credit institutions and the marketing unions and setting up of land mortgage banks and other central agencies where there is deficiency.

The methods by which the movement is to be rehabilitated, the working of the societies is to be reorganised and how primary institutions are to be coordinated with the secondary institutions, have already been fully dealt with in their respective places.

Here it will be sufficient to add that, the rehabilitation of the credit societies should be brought about by scaling down the members' existing debts (due to the societies and to the outside agencies) to their present repaying capacity. The irrecoverable amount should be written off from the reserves of the societies and from the grants to be made by the Government. The efficiency of societies should be increased by appointing local trained secretaries, by prompt issue and recovery of loans, emphasis on thrift and by their proper supervision with the help of staff of the reorganised Rural Development Department. All societies should be converted into multipurpose which should take up at least four functions i.e. provision of finance, marketing, improvement of crop practices and supply of goods.\(^1\) For the performance of these functions these should be properly linked with the central banks and the supply and marketing unions. The reorganisation of central institutions should be done by converting all those banking unions, which have got less deposits and charge high lending rates, into branches of the central banks, while district central banks should open branches where the area of jurisdiction

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\(^1\) The supply work is to be taken up by one multipurpose society for 2 to 5 villages. The function like purchase of agricultural machinery for common use, should be taken up when more than 50% of the members are interested. All those non-credit societies like veterinary first aid centres, cattle breeding, better farming, better living etc. whose functions are to be taken up by the village panchayat or the multipurpose society, should be liquidated. Special societies like fruit growing and dairy farming should be organised only at places where there is necessity and should be affiliated with their respective central institutions to work on commercial lines. Societies like forest and soil conservation should be organised on systematic and planned basis and these should be under the supervision of a separate department.
of the present branches is very large, to have net work of cooperative banking on planned basis and supplying loans at a reasonable rate of interest. The supply and marketing unions should be of federal type and there should be at least one marketing union for 60 to 70 multipurpose societies. Their functions should increase from simple commission work to supply of goods to multipurpose societies and processing work, and these should work under a 'Controlled Credit Scheme.' A Central Land Mortgage Bank should be organised which should supply long term finance through the existing central banks.

However, the point of coordinating the activities of the multipurpose society with the panchayat at the primary level has not been discussed in detail and needs further elaboration.

**Relationship between the Panchayat and the Cooperative Society**

For healthy growth of the villages there is a great need for some clear cut demarcation about the functions of the panchayat and the village multipurpose society. A panchayat should normally take up the social activities and civic functions, while the cooperative society should confine to economic activities. At present, however, there is a lot of confusion about the activities of these two institutions while it is feared that in future the panchayats which are now being formed with great vigour, may take over some of the functions of the cooperative societies, which they may not be able to handle properly. This fear is quite apparent from the Planning Commission's views. The Commission remarks:

"The functions of a cooperative society are governed by the objects for which it is constituted and are limited to the interest of its members. As cooperation develops, the movement will become increasingly representative of the village community. On the other hand, the panchayat is already intended to represent the entire village, including those who are landless or are not engaged in cultivation and has to meet pressures from all sections of the population. Secondly a panchayat has a larger authority, both in tradition and in law, over the affairs of a village than any other organisation could have."

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1. For example in a village the better living society and the panchayat both having same function exist side by side.
2. The First Five Year Plan - P.133.
So under these assumptions the Commission recommends the following functions for the panchayats for development programmes besides their usual judicial, administrative and social functions: (1) framing programmes of production for the village; (2) framing budgets of requirements for supplies and finance needed for carrying out the programmes; (3) acting as the channel through which, increasingly, Government's assistance other than assistance which is given through agencies like cooperatives, reaches the village; (4) securing minimum standards of cultivations to be observed in the village with a view to increasing production; (5) bringing waste land under cultivation; (6) arranging for the cultivation of land not cultivated or managed by the owners; (7) organising voluntary labour for community works; (8) making arrangements for cooperative management of land and other resources in the village according to the terms of the prevailing land management legislation; and (9) assisting in the implementation of land reforms measures in the village.

The Commission, here, seems to have ignored the importance of cooperative society while for the proper development of the two to serve the masses to their maximum, it is essential that the importance of both in their proper field should be realised in their true prospective. Firstly if panchayats are entrusted with so many functions they will not be able to handle them efficiently. Here the remarks of Mr. Lewis are quite instructive, "No administration should be loaded with tasks more numerous or more delicate than it can handle; the quantity and forms of planning should be limited strictly within the capacity of the machine." ¹ The jumbling of various types of administrative, judicial, social and economic functions in the panchayats will actually result in confusion, inefficiency and lopsided development as the capacity of our village leaders to handle all these functions is limited. Even if it may be possible for the panchayat to discharge so many functions the limited number of those honorary workers, available in the village, will try

¹ The Principles of Economic Planning - by W.A. Lewis, P.122.
to join it and the working of the society may become inefficient. On the other hand, the cooperative society will not flourish unless it is given all the functions that are appropriate for it and which it can perform efficiently. Here objection may be raised that the membership in societies is limited and voluntary and they may not be able to enforce the programmes upon non-members. But in this connection the suggestions made by Shri R.G. Saraiya are quite worthy of notice. 'He suggests that pending increase in the membership of the societies which is the ultimate aim, the existing cooperative societies, may register non shareholders as nominal subscribers, or limited members, to ensure to the whole village an equitable distribution of all advantages placed at their disposal by the state. In specific schemes of development, special committees of the society may be set up with a provision for nominated or coopted non-members.' While it is, only, by actually entrusting such responsibility to the cooperative societies that the membership will increase within no time. Here again Mr. Saraiya's suggestions are quite apt. He observes, 'Government assistance intended to promote civic life and welfare of the village should be made available to the Panchayats; State assistance intended to help the villagers in his daily business and economic life should be made available through cooperative societies. If this is done there is every reason to expect that, in the near future, all the villagers engaged in economic pursuits will become members of a cooperative society. It has invariably been the experience of the Cooperative Movement that, where State assistance is channelled through it, membership increases very fast.'

This, in fact, has been the practical experience in the states of Uttar Pradesh, Bombay and Madras. Thus for the healthy and proper de-

2. Ibid.
velopment of the multipurpose cooperative society, the economic function envisaged against items I, II, III & IV should rightly devolve upon it. On the other side social functions or such economic functions where compulsion is required and are now performed by some special type of cooperative societies like better living, arbitration, medical aid and public health, cattle breeding and veterinary first aid centres, should be entrusted to the village panchayat and those societies should be dissolved. Funds like common good fund set aside by the multipurpose society from its profits for social welfare should also be entrusted to the village panchayat. Of course it is very difficult to lay any strict line of demarcation between social and economic functions but some basis for striking a healthy balance between the functions and responsibilities of the two institutions is most essential to achieve efficiency in their working and thereby gain maximum advantages. Both of them are in fact sister organisations for the service of the people, and it is therefore necessary that their role must be complementary. The Panchayat should take up normally the social and civic functions while the society should be entrusted with the main economic functions. Planning Commission's remark that panchayats have larger authority in tradition and are superior, does not seem sound. In fact the reputation of cooperative societies is much more than panchayats where they have worked well. They must work in close harmony to achieve the maximum progress. The area of operation of the two should be identical. In fact they should be the two organs of the same village. If the membership is large and the work is heavy, special sub-committees within the institutions or a common committee from the managing committees of the two may be formed for specific purposes, such as supervision sub-committee for the stores in the former case and the education sub-committee in the latter case. There

1. The work of medical dispensaries should be in the charge of a panchayat working for 2 to 4 villages, as in the case of a cooperative store run by one multipurpose society for 2 to 4 villages.
should be perfect harmony between the two. This is why it has been suggested that there should be only one department to coordinate and supervise the work of these two institutions. At the higher level both types of institutions should be affiliated with their respective central institutions. There should be two separate committees of non-officials attached with the Rural Development Inspector having the same jurisdiction and similar committees and boards at the Tehsil, District and Provincial levels as already discussed. Thus there should be a net work of coordinated institutions forming a pyramidal structure throughout the State.

Maximisation of Membership: Now we come to the second aspect of planning i.e. that every village and every family in the rural areas should be brought within the fold of the cooperative society within a minimum possible time. In a cooperative organisation as the membership is voluntary the problem of increasing it, is rather complex. There are various ways of increasing membership viz., education of masses, raising up of their income to a certain minimum level, to take part in the business organisations successfully, propaganda, persuasion, privileges and efficiency of societies. The fundamental among them are the education of the masses and making them creditworthy. The need for the spread of education and for creating the desire for better life and self-help among the people have already been stressed in the foregoing pages. The improvement in the economic conditions of villagers and making them creditworthy may be achieved by simultaneous efforts towards consolidation of holdings, intensive farming, irrigation facilities, subsidiary occupations and organisation of multipurpose societies (as discussed in detail under Chapter III). For persuasion and propaganda it is necessary to set up a good administrative machinery

1. Of course in certain types of societies like cooperative farming or soil conservation, some compulsion will be necessary as recommended by the Cooperative Planning Committee or the Planning Commission to avoid serious losses to the community as a whole. But as a general principle the membership should be voluntary.
on the lines of Extensive Service Scheme by reorganising the whole rural development department, which should work on intensive basis. To increase the efficiency of societies various steps have been suggested in the foregoing pages. The method of promoting cooperative development through the grant of privileges, which has not been discussed earlier may be discussed here in somewhat greater detail. It has been stated in the foregoing pages that wherever Government accorded preference to the societies in entrusting distribution work etc. the memberships increased very rapidly. In the Etawah district of Uttar Pradesh where intensive development programme for the rural uplift is being carried out, preference for the distribution of seeds was given to the members of the societies with the result that so many people who were outside the cooperative fold joined the societies to get the benefits. The Reserve Bank of India rightly observed,\(^1\)

"The preferences shown to the movement more than all the propaganda done by the various institutions have elevated its position in the minds of the people"

So this method will have to be extensively employed by the State in future and such a course has been recommended by the Planning Commission and the Cooperative Planning Committee. The Committee observed\(^2\),

"The members of a cooperative organisation may be offered improved seed, fertilizers, agricultural implements and facilities for land improvement on terms which may be more liberal than those offered to the farmer working individually. There would be perfect justification for such a course as the State would find it easier and more economic to deal with organised units than with unorganised individuals."

**Target:** Having examined the various ways of increasing membership we turn to the second aspect of bringing each village family within the cooperative fold. From the following table it would be observed that in certain districts where the movement is progressing on right lines,

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50% of the villages are already covered with societies and the membership is quite substantial while in other areas their number is small and the membership poor.

Table No. LXXXIV

District-wise position of Agricultural Credit Societies including Multipurpose on 30th June, 1952.

<table>
<thead>
<tr>
<th>District</th>
<th>Total No. of Agr. Credit Societies</th>
<th>Total No. of Members</th>
<th>% of Figures in 1000 Population</th>
<th>Average No. of Members per Society</th>
<th>% of Population</th>
<th>No. of Females in Family</th>
<th>% of Columns Covered</th>
<th>% of Columns Covered by 7 to 8 Females</th>
<th>% of Columns Covered by 6 to 11 Females</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Jullundur</td>
<td>1,320</td>
<td>67,188</td>
<td>67</td>
<td>123</td>
<td>54%</td>
<td>8.16</td>
<td>1.83</td>
<td>41%</td>
</tr>
<tr>
<td>2</td>
<td>Hoshiarpur</td>
<td>2,223</td>
<td>89,366</td>
<td>65</td>
<td>90</td>
<td>72%</td>
<td>9.89</td>
<td>1.98</td>
<td>45%</td>
</tr>
<tr>
<td>3</td>
<td>Ludhiana</td>
<td>923</td>
<td>32,991</td>
<td>58</td>
<td>131</td>
<td>44%</td>
<td>6.05</td>
<td>1.21</td>
<td>27%</td>
</tr>
<tr>
<td>4</td>
<td>Kangra</td>
<td>718</td>
<td>34,762</td>
<td>51</td>
<td>255</td>
<td>20%</td>
<td>9.08</td>
<td>1.82</td>
<td>19%</td>
</tr>
<tr>
<td>5</td>
<td>Amritsar</td>
<td>1,276</td>
<td>25,527</td>
<td>37</td>
<td>151</td>
<td>25%</td>
<td>9.86</td>
<td>1.93</td>
<td>12%</td>
</tr>
<tr>
<td>6</td>
<td>Gurdaspur</td>
<td>1,617</td>
<td>17,564</td>
<td>32</td>
<td>85</td>
<td>37%</td>
<td>6.68</td>
<td>1.37</td>
<td>13%</td>
</tr>
<tr>
<td>7</td>
<td>Ferozepur</td>
<td>1,605</td>
<td>22,562</td>
<td>34</td>
<td>142</td>
<td>24%</td>
<td>11.59</td>
<td>2.28</td>
<td>10%</td>
</tr>
<tr>
<td>8</td>
<td>Ambala &amp; Simla</td>
<td>1,332</td>
<td>22,562</td>
<td>29</td>
<td>73</td>
<td>40%</td>
<td>7.01</td>
<td>1.40</td>
<td>16%</td>
</tr>
<tr>
<td>9</td>
<td>Gurgaon</td>
<td>1,586</td>
<td>69,258</td>
<td>26</td>
<td>104</td>
<td>25%</td>
<td>8.23</td>
<td>1.65</td>
<td>11%</td>
</tr>
<tr>
<td>10</td>
<td>Hisar</td>
<td>1,065</td>
<td>14,677</td>
<td>23</td>
<td>165</td>
<td>17%</td>
<td>8.78</td>
<td>1.75</td>
<td>8%</td>
</tr>
<tr>
<td>11</td>
<td>Rohtak</td>
<td>906</td>
<td>8,274</td>
<td>29</td>
<td>241</td>
<td>12%</td>
<td>9.71</td>
<td>1.94</td>
<td>4%</td>
</tr>
<tr>
<td>12</td>
<td>Karnal</td>
<td>1,422</td>
<td>289,15</td>
<td>26</td>
<td>122</td>
<td>21%</td>
<td>8.75</td>
<td>1.75</td>
<td>4%</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>16,478</td>
<td>8,075</td>
<td>44</td>
<td>126</td>
<td>35%</td>
<td>105,598</td>
<td>20.72</td>
<td>17%</td>
</tr>
</tbody>
</table>

@: The figures within brackets indicate the number of multipurpose societies.
*: This is calculated on the basis of 5 members per family.

It is, however, considered that to organise one multipurpose society in each village, within a period of two years and to bring each village family within these societies i.e., one member from each family, within a period of five years will not be difficult, after the Rural Development Machinery (as visualised in the preceding pages) has been reorganised. Then every Rural Development Sub-Inspector will be in charge of 10 to 12 villages and it will not be difficult for him to organise one multipurpose society in each village and to maximise its membership by all the methods suggested above. However, to avoid the

1. It will be seen from column 4 of the above table that in case of four districts, the existing societies have already more than 40% of families in a village as their members. In their case the target should be to increase this percentage to 75%, and in the rest - newly organised as well as old-to 50% in the first two years. In the next three years all the families should be brought within their fold.
undesirable consequences of hasty organisation it will be necessary to exercise proper checks before the registration of societies is allowed. For this three necessary conditions are: (1) No society should be registered unless sufficient teaching has been imparted to the members. For this the proposed society should be visited by the Registration Officer himself to see that the members understand the objects of the society (2) The membership should be at least 30 and (3) The share capital of the society should be sufficient. It has been observed that a society in which share capital is enough seldom fails.

Non-Agricultural Sphere

The measures to be adopted in the non-agricultural sphere will be similar to those in the agricultural sphere. The credit societies of backward classes in which majority of the members are agricultural labourers, should be amalgamated into agricultural village credit societies, while those of landless labourers should be converted into labour cooperative. In the case of latter those fields of constructive activity where the work is of non-technical nature should be reserved for them by the Public works Departments. The societies of artisan should be converted into industrial cooperatives to raise their income. To increase the efficiency of industrial societies these should be linked up.

1. Inspite of these safeguards suggested some critics may still object to such a rapid expansion of the movement. They may say that the hasty organisation of societies may lead to their failures again as in the past. But it may be pointed out, here that in the past the chief cause of the failure of societies was their organisation, without sufficient and competent staff to supervise them properly afterwards, while reverse will be the case now. Here it has been suggested that qualified and sufficient staff should be appointed first and then the societies should be organised afterwards. So the chances of their failure will be the least, provided all the measures, suggested above and in Chapter IV about increasing their efficiency are put into practice.

2. Later on, when the society organised is converted into multipurpose one after sometime, the persons who join it as limited members for some specific objects, other than finance, the share capital in their case may be nominal.
with the State Industrial Finance Corporation for getting financial requirements and with District Industrial Associations and the State Industrial Cooperative Federation, for the supply and marketing of their goods. To improve the quality of their goods they should be given help by the technically qualified administrative staff to enable them to compete in the open market. To save them from the severe competition of mill made goods, specific goods may be reserved for them. To increase their number a separate department for Small Scale and Cottage Industries should be set up which should work on intensive basis. To increase membership in all these societies of backward classes stress should be laid over free education - both technical and literary. For making agricultural labourers credit-worthy emphasis should be laid on enforcement of the Minimum Wages Act, provision for housing sites in the villages, settling them on reclaimed lands on collective basis and scaling down of their old debts.

For the organisation of more urban banks among the middle classes and to increase the efficiency of the existing ones, more qualified staff should be appointed for their supervision and organisation. For the proper development of consumers' stores in urban areas stress should be laid on the increase of membership to enable them to work on business lines. To achieve more economies they should be linked with the District Whole-sale Supply and Marketing Unions for supplying them goods at whole sale prices. To organise more thrift societies among employees and teachers in schools and colleges the area of jurisdiction of the Sub-Inspectors should be made small by reorganising the whole rural development machinery.

**Social Sphere**

The future role of better living, arbitration, public health and medical aid, and adult education societies in the rural areas has already been discussed. The women thrift societies should be converted into multipurpose ones. To organise more societies among them a separate
department should be set up which should work on intensive basis, to increase membership stress should be laid on the education of women. For increasing the number of housing societies the Government should give them due encouragement by way of cheap finance and in the matter of requisitioning house sites.

**State and Planned Cooperation.**

To develop cooperation in the State on planned lines Government will have to play an important role. Not only in the interest of the cooperative movement, but also for successful execution of the Five Year Plan the Government should now place the cooperative technique in the forefront. Uptill now the attitude of the Government instead of being sympathetic has been rather indifferent and apathetic, as is evident from the facts that (1) The amendment of the Cooperative Act, the absence of which has been largely responsible for the non-rehabilitation of the cooperative movement has been lingering on for the last 14 years and has not been carried out so far. (2) Since partition there has been continuous reduction in the cooperative staff\(^1\) as well as in grants to certain societies like forest, veterinary first aid, and (3) the preference accorded to the cooperative societies in the distribution of controlled articles like yarn and consumers' goods was much less than in the states of Bombay and Madras. At times Government did declare it as its policy to accord preference to the cooperative societies for the distribution of controlled goods, but in actual practice agencies other than cooperatives received better treatment, which has continuously been protested by the Registrar in his Annual Reports. In one of his reports the Registrar says,\(^2\) "The controls were imposed in 1948. The cooperative societies in large numbers came forward with requests for the allotment of the distribution work of civil supply, but they had to face disappointment except in a limited number."

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1. The number of Cooperative Inspectors has been reduced from 144 in 1947 to 125 in 1949 and to 110 in 1951 while of Sub-Inspector from 300 to 224 and 125 in the same years.

If the cooperative movement is to progress the state Government must give its full support by actually entrusting to cooperative societies the various types of works and also by taking other necessary measures as has been done by the States of Madras and Bombay. About the action taken by Bombay and Madras Governments the Reserve Bank of India remarked, 1

"The Registrar of Cooperative Societies, Madras in his report for 1947-48 remarked that the Government shaped their policy in such a way as to foster the growth of the movement in various directions inspite of opposition from vested interests. They utilised services of cooperative organisations both in increasing the production of food-stuffs, handloom goods and cottage industrial products as well as in the equitable distribution of controlled articles at reasonable prices...Almost every chapter in this Report provides evidence of the popular Government's support to a popular movement which aims at the well being of masses... The Registrar of Bombay sounds a similar note about the Government's enhanced interest and encouragement shown to the movement."

The technical meeting on cooperation held at Lucknow in November 1949 recommended that the role of Government in relation to cooperative societies should be one of active helpfulness intended to stimulate cooperative enterprise and to guide it and keep it on sound lines without attempting to compel or replace local initiative or self-help. The various ways by which the Government can help cooperative societies without interference in their internal affairs are briefly discussed below:-

(1) Reorganisation of Administrative Machinery: It has been stressed in the foregoing pages that planned cooperation will not be possible unless the whole rural development machinery is reorganised. This should be done as early as possible. The proposed qualified staff with smaller area of jurisdiction will be in a better position to educate the members in the principles of cooperation and advising them in technical matters for the improvement of agriculture.

(2) Preference to societies in distribution of goods:

improved seeds, agricultural implements, manures, chemical fertilizers, iron and steel, yarn and other scarce and controlled articles should be entrusted to the cooperative

societies. This policy will go a long way in popularising the movement, increasing the membership and at the same time checking black-marketing and ensuring more equitable distribution of the commodities. Similarly the purchase of foodgrains under the Monopoly Procurement Scheme and for storage purposes should be made through the cooperative marketing unions to dispense with the unnecessary profits of the middle man. The stores purchase policy of the Government should be modified so as to accord preference to the industrial cooperatives in the matter of goods produced by them. So far the policy in this respect has been sympathetic in theory but indifferent and unhelpful in practice.

(3) Distribution of funds through societies: In the tracts which are liable to famines, tacavi loans or distress loans should be distributed through the cooperative societies. The members of the societies who know the position of individuals in the village, their encumbrances, and their repaying capacity are expected to make a fair distribution. The funds granted for the betterment of any village should also be distributed either through the cooperative society or the panchayat.

(4) Removal of Inequalities: The Government should adopt all possible means for removing inequalities, economic as well as social, to make cooperation successful. There can be no cooperation among the unequals and therefore conditions must be created for equality as far as possible. Economic inequalities should be removed by the firm policy of land reforms, taxation on agricultural income and by giving relief to the poor in the land revenue. Social equality should be created by making primary education free and compulsory and providing compulsory adult education by giving subsidies to the panchayats. To raise the income of the backward classes, Minimum Wages Act should be enforced and special facilities should be provided for free technical education.
(5) **Necessary help in rehabilitation and reorganisation of the movement**: As stated earlier rehabilitation and reorganisation of the movement will not be possible without considerable state help, in the form of (1) the amendment of the Cooperative Act (2) Grant for writing up of certain bad debts to rehabilitate the movement. (3) Guaranteeing the debentures both in interest and principal which may be floated by the new Central Land Mortgage Bank and making contributions to the share capital of the Provincial Bank (4) Subsidies to the central banks for opening of new branches and guaranteeing their loans in the deficit areas. (5) Subsidies to the marketing societies at their initial stages to meet establishment expense and for building godowns, (6) Subsidies to primary societies in setting up grain stores and similar aid to medical aid societies and adults schools.

(6) **Help to non-official provincial bodies**: Substantial help should be given to the non-official bodies like the Punjab Cooperative Union which are promoting the cause of cooperation through education and propaganda.

(7) **Allotment of lands and House sites**: Reclaimed lands which are being brought under the plough should be exclusively used for the settlement of landless agricultural labourer on cooperative or collective basis. Loans should also be advanced to such colonisation societies for the purchase of bullocks, agricultural implements and for building houses. In the urban areas preference should be given for the allotment of house sites to cooperative housing societies of such persons as do not have enough means to purchase lands on competitive prices.

(8) **Help to labourers' societies**: The Public Works and Irrigation Departments should entrust their work to the labour cooperative societies as far as possible. Where the work is of non-technical nature, that field should particularly be reserved for them.

(9) **Stabilization of agricultural prices**: The prices of agricultural commodities should be maintained at a level which would ensure a fair
return to the producers and shall save the rural institutions from up-heavels like the Great Depression of the thirties.

In short cooperative organisations should receive preference and encouragement in all those fields where they are more suited than the individual enterprises. It however, needs pointing out that ready assistance should not be given in such a way as to kill initiative. The Government policy should be of active helpfulness, and financial help should be given, only, where people are also ready to contribute something for their own welfare.

Role of Officials and Non-officials

A great controversy over the question of officialisation and de-officialisation of the movement in this country has been going on since the very inception of the movement but it has remained undecided uptill now. For this there are various reasons. The cooperative movement in this country owes its origin to the initiative of the State and has been fostered and developed by it uptill now. When the movement was started it was hoped that in course of time, cooperators would come forward to assume increasing responsibilities in the organisation and working of the movement and would ultimately make it independent of official control. But this hope did not materialise. Few honorary workers came forward to take up the responsibility. On the other hand, the Government also did not undertake the full responsibility in the hope that as the movement was of the people, by the people and for the people the people would take it up ultimately. The result was dual responsibility and no progress of the movement. It remained where it was, with each one trying to throw blame on the other. Some academic professors and cooperators sitting in their study rooms and studying the European literature tried to argue for the de-officialisation of the movement, while some others advocated for its more officialisation. In practice status quo continued to prevail. Nobody tried to take the trouble to go to the fields to study the actual conditions and to see what was happening in
the villages. Was there any movement at all for which they were crying. Were there Raiffeisen among the villagers who could lead the poor, illiterate, ignorant and tradition-ridden masses? The actual conditions were that the morality and social solidarity on which the movement could be based were on their last legs since the advent of the British Regime. Community action which was the very base of old village life had given place to individualism. The money lenders (agriculturist or non-agriculturist), and traders all were exploiting the poor and helpless rural people. The few selfless leaders who were available in the villages were engaged in the political struggle for freedom and could not divert their attention to this work. This in fact has been the actual condition in the villages till very recently. How could we expect any progress of the movement under such circumstances when the moral values upon which the movement was to be based were in jeopardy. If certain well educated and well placed persons who could really guide the societies joined the movement they did so (of course with a few exceptions), not for the sake of helping their brethren and putting some deposits if they had some spare money, but only to get loans from the society at a cheaper rate and to take other advantages.

The times however have changed a great deal with the setting up of a national Government at the helm of country’s affairs. Public energies are increasingly being diverted to constructive efforts. A good deal of harmony exists in official policies, to meet the genuine needs of the people and to achieve set objectives. In such circumstances it will be futile to waste any more time on the controversy over officialisation or deofficialisation. Both officials and non-officials will have to play their due part in their respective fields. Neither of the two agencies will be able to achieve much without cooperation from the other. About the proper role of the two agencies Mr. Wace has rightly remarked  

"A distinction must of course be drawn (it is not always drawn) between official control and direction of the general policy of the movement and official control over the internal operations of societies and institutions. By official control is more generally meant the powers of control which the Registrar and his subordinates officers exercise by statute or rules over the operations of the societies. Practically the whole work is carried out by the non-official workers, presidents and committee members."

This indicates the sphere of work of the officials and non-officials. The official control and direction should not be withdrawn until all the members are educated and understand their duties and rights. The steps should, however, be taken to educate the members as early as possible. Strict watch should be kept upon the few who interfere with the internal working of the societies under the guise of rendering help to them. This will mean closer supervision of the societies in future. The question of official interference does not arise in these societies where their working is smooth and the members are honest. There is enough practical proof of this in the districts of the central region of the state like Jullundur, Hoshiarpur, Ludhiana and Kangra where the societies are working successfully and the control is totally in the hands of non-officials.

Planning necessarily implies direction by the State and there is nothing revolutionary in it. The State must assume full responsibility for closer supervision and proper guidance of the societies, not as in the past, but by educating the members and improving the quality of the societies. To achieve this reorganisation of the whole rural development machinery having right sort of personnel on the lines already suggested is most essential. On the other side as the plans of the State are to be worked out by the people themselves, it is necessary that full support of the non-official cooperators should be enlisted both in drawing up as well as in the execution of the plans of cooperative development. The machinery of consultation and administration must be so designed that there is a constant interchange of views between the officials and non-officials. While the State can only guide and assist the movement in its growth, as a live force, its development will depend upon the popular
support that it will get from the non-officials. The proposals for setting up such organisations at various levels have already been made. For the removal of official control as at present and for making the movement popular the following two practical steps are suggested.

(1) **Wide Campaign for Education**: Social, literary and cooperative education, should be extensively imparted and the masses should be taught the values of self help for improving their own lot. If such a spirit is created among the people the cooperation is bound to become a popular movement as a consequence of which its leadership, direction and control shall automatically pass into the hands of the people.

(2) **Right sort of Leadership**: The moral spirit of helping the poor must be generated among the leaders without which the movement cannot progress. As the education of the masses will take a long time for the present even if our present leaders and educated persons are imbued with a spirit of sympathy and helpfulness to the poor and are prepared to do some constructive work for the movement it can easily be a great success. Raiffeisens will have to be created if this movement is to serve the masses. As Dr. R.K. Mukerjee has rightly observed "Groups of itinerant workers, whether Congress Official, peripatetic teachers, Cooperators or medical men with a social message will have to be sent into country side, if the cooperative programme is to succeed." At present most of the non-officials including the members of the state assemblies join the movement with their own axe to grind. All this must give place to spirit of service and sacrifice on the part of the leading cooperators to lead the movement to roads of success.

**Conclusion**: To sum up, we may say that Cooperative Movement in the state has not made much headway due to its haphazard and uncoordinated development. On the other hand to raise the standard of living of the poor masses and to make the Five Year Plans successful its rapid development on systematic lines is most essential. This would require two things.

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1. Indian Cooperative Review, 1939, p.468 - Presidential Address at XXI Session of Behar Cooperative Federation Congress.
(1) The reorganisation of the working of cooperative organisation to achieve maximum economies and efficiency and at the same time to cover all possible economic aspects of the members to raise their income to the maximum possible extent, and (2) maximisation of their membership. In the agricultural sphere the first objective may be achieved by (1) the rehabilitation of lower grade societies (2) increasing their efficiency, (3) their conversion into multipurpose societies and their linking up with the central banks and supply and marketing unions (4) the reorganisation of central banks and setting up of supply and marketing unions and land mortgage banks and (5) proper coordination of the multipurpose societies with panchayats and elimination of all unnecessary non-credit societies. The objective of increasing membership should be achieved by educating the members, making them creditworthy, by persuasion, propaganda, grant of privileges and by increasing efficiency of societies. In the non-agricultural sphere to achieve these objectives, the credit societies of agricultural labourers should be amalgamated with the village agricultural credit societies, that of artisans may be converted into Industrial ones and of labourers into labour cooperatives. To achieve efficiency in the industrial societies these should be linked for finance and marketing with their central institutions. The membership of cooperative stores should be increased to enable them to work on business lines and they should also be affiliated with whole-sale supply and marketing unions to have goods on wholesale prices.

In the social sphere the thrift societies of women may be converted into multipurpose and their number may be increased by setting up a separate department for their organisation. For the above two measures of planned cooperation the State should render all possible help by way of removing inequalities, setting up good administrative machinery, giving preference in purchase and distribution of goods, liberal grant of funds for rehabilitation and reorganisation of the movement etc, while non-officials should lead the masses in a spirit of unselfishness and cooperation.