Chapter 1
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Cooperation - An overview

Cooperation is the basis of civilization. The necessity for interdependence and mutual help, and the innate social feeling in man are the basis for the very beginning of the history of modern civilization, which in fact, is the history of Cooperation (Bogardus 1946, Adams 1948, Jack Bailey 1955). The roots of formal Cooperation can be traced to ancient times. In primitive societies, evidence of Cooperation could be found in religious institutions and traditional custom. The working of the ancient custom and institutions throwing light on the instinct and tradition of mutual assistance, joint action, joint possession and joint management are found in the thinking of people in all ages and in all countries (ILO 1939, 110-1955, Ban 1956). Thus synergistic effect of social feeling and economic rationale of collective action have led to the emergence of Cooperation (Darling 1922, Coady 1950, Cole 1951, Casselman 1952, Bowen 1953).

Instances of cooperative effort could be found in ancient India, China, Egypt and Babylonia in agriculture and crafts. Cooperation has been known and practiced in India in various forms since ancient times (Khan 1937, Jain 1959, Bhainagar 1960, Bannerjee 1961, Hough 1966). The joint family system, which is very old and exists till today is one instance of indigenous Cooperation (Kaji 1932, Kahlon arid Paha 1954, Kidkarni 1962). Another form of Cooperation is the “Panchayat” which is based on the principle of community self-help. Although the system has fallen somewhat into decay, panchayats are still common and in all states they have been revived and practiced (Karve 1958). Then there are “Chit funds” commonly found in South India, which are based on the principle of mutual association (Mukherjee 1923, John Mathai 1925, Wolff 1927, Mathur 1953, Mehta 1959, Saxena 1974). The “Nidhis” prevalent in South India provides a further instance of mutual credit association (Mamoha 1977). In India the spirit of village communities was predominantly cooperative. Villagers throughout the ages have worked together on an informal cooperative basis (Pt. Jawaharlal Nehru 1959). Craft
guilds in banking are referred to in the Vedas as well as in the Laws of Manu (Hough 1966). Cooperative societies were found among ancient Greeks in the form of burial benefit societies and religious and cultural associations (Ewell Paul Roy 1964). History records the organisation of first credit and savings banks in China for the purpose of enabling devout Chinese to defray the expenses of their pilgrimage (Viswanathan 1955, Digby 1956). Crop protection against incendiarism and theft was another incentive for some sort of cooperative organisation (Kulkami 1962). In Roman era, Collegia, a type of Cooperative craftsmen organisation came into prominence (Digby 1960). In the early Christian era also there were some instances of cooperative experiments in the form of artisan societies, burial benefit societies, irrigation societies etc. (Hajela 1997). During the middle ages, the Cooperative idea was transformed from religious informal institution into a more formal business institution (Mahajcm 1974).

The roots of formal Cooperation could be traced in three sources: (1) Medieval European guilds, (2) Mutual self help association of early industrialisation period and (3) social experiments of Utopian socialists and other cooperative leaders (Chinchankar and Namjoshi 1977). The guilds of middle ages (500 AD - 400 AD) resembled the modern trade unions, for they were associations of craftsmen for achieving their specific objectives of securing better prices and wages. Guilds afforded a center of social activities and maintained common funds which were drawn upon to pay funeral expenses of their members, allowances to physically handicapped persons and grants to widows (Ewell Paul Roy 1964).

The guilds in France and Germany, which sprang up during the 16th century, sought to safeguard wages and regulate supplies of goods and their prices, through developing a common code of conduct (Jack bailey 1955). The stress of cooperative action in a common pursuit makes the guilds the forerunners of the more advanced type of Cooperatives that emerged in England and elsewhere with the advent of factory system towards the beginning of eighteenth century (Arnold Bonner 1950, Fauquet 1951).
Swiss dairymen are reported to have engaged in cheese making through Cooperative associations as early as in thirteenth century. The German 'Landschaften' system (1767), a credit association of the land owning aristocracy for obtaining credit against the land mortgage in favour of the association, has also been regarded as the forerunner of mortgage banks (Fay 1948, Pedersen, Thor 1950). In Britian (1970's) the mills run by workers at Chatham and Woolwich on cooperative lines, the businessmen of Philadelphia (USA) who organised a mutual fire insurance association in 1752, and in the village of Fenwick in Ayrshire, Scotland where a small group of weavers who conducted business on cooperative basis, were called Penny Capitalists (Frank Robatka 1957). Although the germs of several Cooperative ideas are found elsewhere, they had no ulterior purpose and they were not linked together in any wider movement. They were only isolated experiments with little practical effect (Krishnaswami, 1985).

However, the modern concept of Cooperative was the result of the great Industrial Revolution of Great Britain. It was somewhat different from the earlier concept and denoted a special method of doing business (Maclagan Committee 1915, Bhatnagar 1960, Weeraman 1973). It was a new ideology, which developed a solution to the domination and exploitation in the industrialist era. Cooperation emerged as a defense against the early abuses of the rigors of capitalistic industrial system (Gadgil 1962). Robert Owen (1771-1858) came as a messiah with certain plans to reorganise the people on Cooperative basis (John Winfred 1987). This idea soon caught the imagination of the working class. Later, in 1844, the movement entered into the field of distribution which proved to be the turning point in the history of the Cooperative Movement (Mamoria 1963, JCA 1964), and paved way for the establishment of a new economic and social order which provided opportunity, security and happiness for all (110 1950, Narasimhan 1959).

Today, cooperative organisations are found everywhere; they are found in all countries irrespective of social, economic and political environments. They tend to assume monopoly in certain fields of the economy. The United Nations estimated in 1994 that the livelihoods of nearly
3 billion people, or half of the world's population, were made secure by cooperative enterprises. Nearly 800 million individuals are members of Cooperatives. They provide an estimated 100 million jobs. They are economically significant in several countries where they provide foodstuffs, financial services as well as provision of services to consumers. For instance, in the fields of health (Japan), schools (Columbia), housing (Sweden), insurance and distribution of consumer articles (Great Britain), handicrafts marketing (Cape Dorset), rural credit and chain store system (Germany), fish marketing (Brazil), thrift and savings (Sri Lanka) and burial ceremonies (Portage la Prairie, Manitoba, Canada), contributions of Cooperatives are remarkable. Cooperation is the means by which farmers in Brazil, Uruguay, El Salvador, Guatemala, Dominican Republic, Mexico, Canada and the United States have been able to obtain land and water as well as credit and technology for agricultural production (ICA 1995).

The market shares they hold can show examples of the economic significance of Cooperatives. In Burkina Faso, agricultural Cooperatives are the largest producers of fruits and vegetables and in coted'Ivoire in France they are responsible for 77 percent of cotton production (ACI - CTA - AIAFD-SOCODEVI, 1999). In Uruguay, Cooperatives process 90 per cent of national milk production and export 70 per cent of the surplus wheat production (CUOE COP Website). In the United States, in 1998, 33 per cent of agricultural markets have been owned by Cooperatives and rural electric Cooperatives have operated more than half of the electrical lines in US, providing power to more than 25 million people in 46 states (NCB Website). In 1997, the contribution of Cooperatives to Gross Domestic Product (GDP) in the Philippines was 16 per cent (Gawigawen, 1998). During the same year, Cooperatives in Denmark were responsible for 94 per cent of milk processing, 69 per cent of farm supply and 66 per cent of cattle slaughtering (Federation of Danish Cooperatives, 1998). In Sweden insurance Cooperatives held 48.9 per cent of the household insurance market and 50 per cent of the group life and accident insurance (Folksam, 1997). In Korea 40 per cent of agricultural produces were marketed through Cooperatives (NACF, 1998). In 1996, 60 per cent of the dairy products in Canada were marketed through
Cooperatives (Government of Canada, 1998) and in Finland, Cooperatives were responsible for 79 per cent of agricultural and 31 per cent of forestry production (ICA, 1988). The examples are few and the list is endless. Therefore, cooperative entrepreneurs around the world have found hundreds of reasons for organising Cooperatives and they find multitude of other reasons for doing so in the coming years.

Cooperation - Meaning

A number of meanings and definitions have been attributed to the term 'Cooperation' by various economists, cooperators, thinkers and leaders in the specific context of the circumstances prevalent in their respective countries. Cooperation in its ordinary sense would mean 'Working together'. Where as in its technical sense the term would denote a special mode of doing business, which gives rise to the formal organisation and the methods and techniques associated with it (Krishnaswami 2000). C.R.Fay viewed Cooperation as an association for undertaking joint trade and emphasised the principle of Patronage Dividend (Quoted in Calvert 1959). Herric stressed the principle of Voluntary Membership (Quoted in Jalal 1990). Prof. Paul Lambert emphasized democratic control and social aspects of Cooperation (Paul Lambert 1963). Verhagen has defined Cooperation as "an association of persons (or households), usually of limited means, who have agreed to work together on a continuing basis to pursue one or more common interests and who for that purpose have formed an economic organisation which is jointly controlled and whose costs, risks and benefits are equitably shared among the members" (Verhagen 1984). O.R. Krishnaswami defines Cooperation as a voluntary and democratic association of human beings based on equality (of opportunity and control) and equity (of distribution and mutuality) for the promotion of their common interests as producers and consumers (Krishnaswami 2000). The International Cooperative Alliance (ICA) Statement on the Cooperative Identity (1995) defines a Cooperative as 'an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise' (ICA-1995).
Values and Principles

The International Cooperative Alliance at its Manchester Congress in September 1995, has listed the movement’s key values, and a revised set of principles intended to guide cooperative organisations in the beginning of the twenty-first century for cooperative identify.

Values

Cooperatives are based on the values of self-help, democracy, equality, equity and solidarity. Cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Principles

The Cooperative principles are guidelines by which Cooperatives put their values into practice.

* Voluntary and Open Membership: Cooperatives are voluntary organisations, open to all persons who are able to use their services and willing to accept the responsibilities of membership. Cooperatives do not believe in gender, social, racial, political or religious discrimination.

* Democratic Member Control: Cooperatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the Cooperative society. In primary Cooperatives members have equal voting rights (one member, one vote), and Cooperatives at other levels are also organised in a democratic manner.

* Member Economic Participation: Members contribute equitably to, and democratically control, the capital of their Cooperative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership, members allocate surpluses for any or all of the following purposes, developing their Cooperative; benefiting members in proportion to their transactions with the cooperative, and supporting other activities approved by the Cooperative society.
* Autonomy and Independence: Cooperatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so, on terms that ensure democratic control by their members and maintain their Cooperative autonomy.

* Education, Training and Information: Cooperatives provide education and training for their members, elected representatives, managers, and employees so that they can contribute effectively to the development of their Cooperative societies. They inform the general public particularly young people and opinion leaders about the nature and benefits of Cooperation.

* Cooperation among Cooperatives: Cooperatives serve their members most effectively and strengthen the Cooperative Movement by working together through local, national, regional and international structures.

* Concern for Community: While focusing on member needs and wishes, Cooperatives work for the sustainable development of their communities (ICA 1995).

Cooperation as a Movement

Movement describes a diffusely organised or heterogeneous group of people or organisations tending towards or favouring a generalised common goal. Cooperation is a movement of perpetual promise, a movement of becoming and not of ending. It never achieves a state of perfection. It never rests satisfied with what it has accomplished. It is a movement that always rests between what its philosophy suggests and the contemporary world requires (ICA 1995). It is a movement that fails unless committed. Pragmatic cooperators continuously consider the choices their Cooperatives must make in responding to member needs, in achieving broader goals, and in adhering to cooperative principles in their daily activities. There are choices that are never finally made; there are no decisions that are completely perfect (Krishnaswami 2000).
Cooperators make choices for each cooperative within two broadly related yet somewhat distinct contexts. The first applies to the internal operations of the cooperative. The concerns are that the cooperative be efficient that it meets member needs that it conforms appropriately to cooperative practice. The second refers to how the cooperative relates to rest of the cooperative world and to its community. The concerns about the effectiveness of relationships with other Cooperatives, the expansion of the movement generally, and the movement's social obligations. Only the members of the Cooperatives directly or indirectly through their elected leadership and management structures, can make decision about different issues. In either event, the decisions will seldom be easy and they will vary overtime (ICA 1995). It is in making those decisions the cooperative promise is fulfilled.

Cooperation as an Economic Movement

Cooperation is not a mere association, it is both as association and an enterprise. The enterprise aspects give primary importance to the economic and business function of Cooperation. A cooperative enterprise comes into being, when the participating member units decide to establish a joint enterprise or undertaking, which is collectively operated. A cooperative business enterprise is interposed between the member units and ‘market and builds the former with the latter. It is for this reason it is called market linkage cooperative’. The cooperative enterprise implies a cooperate entity created in a legal mould (Dulfer 1976). It is a distinct entrepreneurial unit, with decision-making, risk-taking and other similar essential economic characteristics. It has distinct corporate goals, though they are complementary to those of participating firms. The participating firms surrender their individual entrepreneurial prerequisites to the joint enterprise. But this joint enterprise is not a unit to which the profit maximisation theory is applicable. It aims at optimisation of resource use and maximisation of net returns to the member firms / participating firm (Khshnaswami 2000).
The cooperative enterprise is a growing concern. It is "an organisation of coordinated activity, it is a collective behaviour with a common purpose and a collective will governed by a common working rules".

Enterprise characteristics of Cooperatives:
* In cooperative enterprise there is direct relation between users and the enterprise, and the specific object of the enterprise is the satisfaction of the common users - user-seller, user - purchaser and user-worker.
* The aim of cooperative undertaking is not to maximise the return on share capital, but to render service to owner users at a minimum cost. Thus, it is a service enterprise as distinct from a profit enterprise.
* A cooperative like any other enterprise seeks out opportunity for expansion and diversification so as to confer better benefits to members i.e., it strengthens the enterprise viability.
* The efficiency of cooperative enterprise is measured primarily, not in terms of return on investment, but in terms of quality, adequacy and cost of service rendered to member users. For achieving the economic efficiency, a cooperative organisation plans, organises, motivates and controls its operation (Hand and Muller 1978).
* A member's economic right is measured by the extent of ones participation in the undertaking's business, while right of control is based on ' one member one vote'.
* In the division of surplus the cooperative enterprise excludes capitalist mode of decision and applies the rules of distribution in proportion to patronage (Seetharaman 1986).
* A cooperative may succeed as an enterprise, unmindful of members' welfare; but it would cease to be a cooperative. A cooperative may succeed as an association; but its economic viability may be lost. Without a viable enterprise the association character cannot be fostered (Quoted in Remi Chiasson 1961).
Cooperation as a social movement

Cooperation is an economic system with a social content. Its idealism has both economic and social elements. The economic ideals affect the business enterprise, its methods and operations. The social ideals have a direct bearing on the association of persons comprising the society, particularly, as they affect membership and personnel relations - the ideas concerning human relations and those of universality, democracy, liberty, fraternity, unity and of self-help (Saksena 1974).

A member (individual or institution) of a cooperative is simultaneously a member of an institution and the enterprise. In as much as a cooperative is an association of members formed by members and for members, it has to be governed by the values of the group. An institution is "a social system organised around values". "Social system" implies a system of social relationship characterised by norms, ideologies, rules, prescriptions and conditions of behaviour, which are essential for achieving the value (Koya Azumi and Jerald Huge 1972). It is in this sense the member side of a cooperative is an institution. It is a socio-economic system, which is organised around certain social and economic values. Social values are relevant in this organisation because the individual in a cooperative has an identity and retains it. (Chinchankar and Namjoshi 1977).

Association characteristics of Cooperatives:
* Cooperation serves the primary group needs on the basis of interpersonal relationship, which ensures equality and mutuality.
* It involves a multilateral agreement among members, creating a horizontal combination of member units acquiring a federal character rather than authoritarian character.
* Social character of the association predominates over economic character. All qualitative considerations vanish in the face of the equality of members and human dignity.
* It places premium on creating the superior moral man by means of education and development of the total personality. It mitigates the
harshness of economic relations by mutuality and group solidarity but at the same time evokes a sense of individual responsibility.

* The association character makes the Cooperatives go beyond the individual interest and even beyond common interest and directs and seeks the good of all.

* The associative aspect of Cooperation is built around a value system like participation, self regulation, leadership development, member prosperity and growth (Seethuntmun 1986).

Social Objectives

The ultimate aim of Cooperation is to create a better society (Gunnar Myrdal 1968). Many of its most ardent apostles look upon it as a sort of social reform. As emphatically stated by British Economist Alfred Marshall, Cooperation alone has both economic and social aims (Quoted by Culvert 1959). In the words of Jack Bailey, "Cooperative business is the material expression of a social faith. If, however, that faith dies, cooperative business loses its social significance "(Jack Bailey 1960).

Hall and Watkins (1937) declare: Cooperation has other aims than economic ones. The earnest cooperator seeks to apply cooperative methods to all purposes of social life, and does so because he believes that in working for the common good, man's highest qualities are enlightened and developed; and in the employment and development of these qualities the man himself becomes a better man, and the quality of human race is improved (Hall and Watkins 1937). The specific contributions the cooperative can make for social programme are discussed below.

Training in self-help: The chief social value of the cooperative organisation is that it trains the people to take initiative in organising, to assume responsibility in administration and direction and to create experts from their own interest. A significant constructive role of the Cooperative Movement in the social field is that it teaches peoples to administer their own affairs (Krishnaswami 1985).

Development of weaker sections: Cooperative as movement is an instrument to set right the imbalances in economic development. It can
contribute to reduction of disparities of income and wealth and at any rate preventing aggravation of disparities. It serves as a means of emancipation for weaker sections that are victims of lopsided development (ICA 1966). In many developing countries, government has seen Cooperatives as an instrument for the development of weaker sections and therefore Cooperatives have been regarded as an important tool for economic plan (Mrutyunjay Sarangi 2000).

**Preservation of dignity of man:** Cooperatives seek to preserve the dignity of man. "If man is the measure of all things, the value of an institution must be measured by the worth of the individuals it creates. Cooperative Movement has a high value, not merely because it is one of the many possible forms of economic organisations, but because it feeds and educates a superior kind of human being, the cooperative man" (Frederick Nicholson 1895-1897, Edward Maclagan 1915, Darling 1957, Calvert 1959, Nehru 1959, Rem: Chiasson 1961, Kulkarni 1962. Paul Lambert 1963, Dubhashi 1970, Weeraman 1979). Cooperation upholds the dignity of the individuals while promoting fraternity. It gives equality of control to all the members (ICA 1995, Cooperative Initiative Panel 1999).

**Social Harmony:** The conflict in society created by the forces of competition and the class struggle are eliminated by cooperative method. One of the aims of Cooperation is to establish harmonious social relations, free from strife and struggle (Arnold Bonner 1950). It places human beings in more harmonious relations with one another. With the development of Cooperation, the class barriers are surmounted or breached and a sense of social equality necessary for democratic government is created (Gide Charles 1930, Laidler 1949, Infield 1955, Karve 1957, Krishnaswami 2000).

**Social Welfare:** Cooperative Movement can be regarded as the cornerstone of welfare society. The movement takes up a variety of welfare activities including education and training, housing and consumer protection. Further, it serves as a field for leadership development (Gorwala 1954, Pt. Nehru 1959, Venkatappaiah 1969, Mruthyunjai Sarangi 2000). "Cooperative
Movement performs a variety of functions which would otherwise have to be undertaken by other forms of collective action initiated by the state or municipalities” (ICA 1966).

Social Change: Egalitarian social order implies the development of sense of fellowship, social responsibility among people as against rugged individualism and extreme selfishness. Cooperatives aims at creating man into human beings imbibed with high moral, social and ethical values. G.D.H.Cole viewed Cooperatives as a tool for creating new moral world favourable to the promotion of good character and human happiness. The Utopian socialists like Robert Owen and Charles Fourier viewed Cooperative Movement as a means for improving the well being of the working people and strengthen universal peace. Cooperation becomes the sacred religion for the people the world over; hence its social significance is valuable. Cooperation brings about this change (Mathur 2000).

Social Responsibility of Cooperatives

Cooperation is a social philosophy, the ultimate aim of which is the creation of better social order. Though a cooperative institution is organised with the immediate objective of satisfying the economic needs of its members, it cannot afford to ignore the problems and needs of the social system in which it operates.

A cooperative therefore, directly aims at serving both its members and the community as a whole. The communitarian outlook of cooperative organisations is nothing new. It started with Robert Owen who declared that his ultimate aim was to set up Villages of Cooperation and work for the creation of better communities. Many outstanding cooperative theoreticians like Fauquet have reiterated two views: Should there be any conflict between the members' interest and general interest? A Cooperative is restrained from taking to a course which is detrimental to general interest. A Cooperative society aims at furthering the interests of members 'only in so far as it may legitimately do so and only in so far as this is compatible with general interest (Paul Lambert J 963).
Social responsibility is inherent in the very idea of Cooperation. Cooperatives are not end in themselves; and they justify themselves by their usefulness to society (Fauquet 1951). By means of the service they render to the society, they make the community stronger.

Joseph, G. Knapp (1957) has outlined the scope for Cooperative's social responsibility as under:

* Cooperatives can create better business environment. They give the primary producers a stake in marketing, thereby linking the rural and urban interests. Further, the role of Cooperatives becomes particularly significant, when the ubiquitous presence of middlemen as an economic menace is eliminated.

* Cooperatives keep the profits at home. As local communities own them, they do not ship off earnings to distant places. The increased earnings are ploughed back into the local community, which augments the standard of living of the people. Apart from this, the corporate savings also go into community benevolent projects.

* Cooperatives improve the wealth producing power of the community, by means of greater productive power and value addition functions. Stronger the Cooperatives, greater is the productive power and bigger the community assets.

* In a market economy, Cooperatives preserve competitive conditions. They give the small producers an opportunity to survive by breaking the private monopoly and checking the tendency for concentration of economic power.

* Cooperatives proliferate the weaker sections of the community. The small farmers and small producers cannot operate efficiently without Cooperatives' support in the form of finance, service and marketing.

* Cooperatives function as a safety valve in the society. They relieve the Government from several responsibilities, particularly in the field of social welfare (Joseph G. Knapp 1957).
Towards the end of the 19th century, the condition of the rural masses in India was quite deplorable. The countryside was studded with problems of poverty, ignorance, improvidence and ancestral debt and occasional outbreaks of natural calamities. The outcome of all these factors was rural indebtedness. Moneylenders by way of charging usurious rates of interest were exploiting the rural poor. At some places of the country, peasants rose against the money lending classes. With a view to save the peasants from the clutches of moneylenders, provincial Governments enacted several measures of relief such as Decan Agricultural Relief Act (1879); Land Improvement Loan's Act (1883); and Agriculturist's Loans Act (1884). These measures, however, did not prove much of a success due to stringent and cumbersome official procedures (Beam 1997). The need for providing cheap credit facilities to the farmers went on becoming strong and the idea of starting cooperative credit societies was hatched in 1892 (Hajela 1997). The Madras government sent Sir Frederick Nicholson for studying the Cooperative Movements in European countries. Nicholson's report was received in 1897 and he remarked "Find Raiffeisen". In continuation of these, the Government of India appointed a committee under the chairmanship of Sir Edward Law in 1901 to study the question of starting cooperative credit societies in India. This committee recommended the establishment of cooperative societies on the Raiffeisen model (Mathur 2000).

Accordingly, the Cooperative Credit Societies Act was passed in 1904, which envisaged the formation of village level credit societies. In 1912, the Act was amended to enable formation of other types of societies for activities relating to sale, production, purchase, housing etc. This Act also provided for the creation of federations of primary societies.

In 1919 the subject Cooperation, was transferred to the provinces. The provincial governments were empowered to enact their own laws to promote and regulate the working of cooperative societies and placed the subject under the charge of a Minister. The post war boom after the first war witnessed rising prices, which provided a fillip to the Cooperative Movement (Kulkami 1962). Different kinds of societies in the fields of credit, supply,
distribution, farming, mortgage and banking emerged during this period. The Second World War period broadened the functional range of the Cooperative Movement and brought about a shift in the lopsided emphasis from the credit aspect to the productive and distributive functions. Since the multi purpose potentialities of Cooperatives was recognised, the Government of India setup an Agricultural Credit Department in the Reserve Bank of India in 1935 to give a stimulus to the Cooperative Movement (Nakkircm 1987).

Since the attainment of independence in 1947, the Cooperative Movement in India has been making rapid progress in various directions (Maipur 2000). Cooperation has been assigned an important role in the country’s Five-Year Plans. As stated by the Cooperative Planning Committee (1946) "the cooperative society has an important role to play as the most suitable medium for the democratization of economic planning (Cooperative Planning Committee 1946).

Hence the First Five Year Plan accorded for providing for the development of cooperative organisation as basic economic activities of the people, especially in the field of agriculture, marketing, cottage and processing industries, and internal trade. The Plan endorsed the recommendation of the Cooperative Planning Committee (1946) to set a target to cover 50 per cent of rural population in ten years (Cooperative Planning Committee 1946 and First Five-Year Plan Draft Report 1951-56).

It was envisaged that by 1955-56 the credit supplied by the cooperative societies and government agencies together for agricultural production should reach the level of Rs.135 crore per annum (Rs.100 crore as short-term, Rs.25 crore as medium-term and Rs.10 crore as long-term loans) (First Five-Year Plan 1951-1956). However, the actual results were considerably short of the targets indicated in the plan due to shortfalls in the structural and functional arrangements in Cooperatives.

Based on the recommendations of the All India Rural Credit Survey Committee (1951-54), the Second Five-Year Plan (1956-61) was avowedly
committed to the building up of the cooperative sector (All India Rural Credit Survey Committee 1954). The membership of cooperative credit societies was to be raised from 5 million to 15 million. The target of cooperative credit was to be raised from the prevailing Rs.43 crore to Rs.255 crore i.e., short-term Rs.150 crore, medium-term Rs.50 crore, and long term Rs.25 crore. 1800 primary marketing societies, 35 sugar factories, 48 cotton gins, 118 other processing societies were to be organised. Another 350 warehouses of central and state organisations were to be setup, as also 1500 godowns of marketing societies and 4000 godowns of large-sized societies (Second Five-Year Plan 1956-61).

The Third Five-Year Plan (1961-66) considered Cooperation as a vital factor for social stability and economic growth. Serious efforts were made to develop the movement as an integrated whole in the third plan (Third Five-Year Plan 1961-66). As a result, the movement diversified itself rapidly. There was a sizeable growth of Cooperatives in the sphere of marketing (Committee on Cooperative Marketing 1966), industry, housing, consumer, farming etc, (Third Five-Year Plan 1961-66). In non-agricultural sector too Cooperatives showed a significant diversification. Urban consumer stores recorded significant progress during the period. New wholesale stores with a network of about 1000 primary stores/branches and 25 departmental stores in the metropolitan and big towns were organized (Evaluation Report on Consumer Cooperatives 1967).

As a result of various steps taken by the Government to sponsor and strengthen Cooperatives for weaker sections of the community, various cooperative societies also came into existence. In 1963-64, there were 5,052 milk Cooperatives with 3,48,316 members; 2912 fishermen cooperatives with 2,95,705 members; and 9,885 housing Cooperatives of various types. In 1964-65, there were 1000 labour contract and construction cooperatives with a total membership of 2.08 lakh In the same year. The number of industrial cooperatives was about 51,000 with a value of sales of Rs.117crore. About 50 percent of the handlooms in the country were brought under the fold of cooperative sector (Fourth Five-Year Plan 1969-74).
"Growth with Stability" was expected to be the keynote of the Cooperative Movement during the Fourth Five-Year Plan (1969-74). Agricultural Cooperatives and consumer societies occupied a central position in the strategy of cooperative development (All India Rural Credit Review Committee 1969). Among other things, the establishment of a statutory Agricultural Credit Board in the Reserve Bank of India, the setting up of Small Farmers Development Agency (SFDA) in selected districts, formation of the Rural Electrical Corporation, expansion of the role of the Agricultural Refinance Corporation and measures for the flow of adequate and timely credit for agriculture were designed as the new strategies for strengthening the Cooperative Movement in India. Although the plan ensured progress on cooperative development, there were regional as well as sectoral imbalances (Fifth Five-Year Plan 1974-79).

In the Fifth Five-Year Plan (1974-79), the objective was to consolidate and strengthen the network of Cooperatives by correcting regional imbalances and focussing the activities of cooperative more and more on small and marginal farmers and weaker sections of the population (Fifth Five-Year Plan 1974-79). In October 1974, the Department of Civil Supply and Cooperation was created in the Ministry of Industry and Civil Supplies to ensure the production and distribution of essential commodities had to combat inflation. A number of schemes was evolved with financial assistance from the Central Government on accelerating the growth of agricultural Cooperatives in the cooperatively under developed states. At the end of the plan period, there were 1.66 lakh Primary Agricultural Cooperative Societies (PACSs) including Large Sized Adivasi Multipurpose Societies (LAMPSs) and Farmers' Service Societies (FSSs). Percentage of borrowing members to total rendering was around 37 and only 45 per cent of rural families were brought under the fold of Cooperatives (Ministry of Rural Reconstruction, GOI 1980-81). Although progress had been made in the field of credit by Cooperatives, the rate of growth of agricultural credit advanced by the Cooperatives had slowed down due to mounting overdue which were clogging the process of credit recycling. This also affected fertilizer distribution by Cooperatives, which came down to about 43 per cent in 1979-80 as against
55-60 per cent a few years ago. Moreover, most of the Cooperatives suffered from lack of suitable personnel (Sixth Five-Year Plan 1980-85).

During the Sixth Five-Year Plan (1980-85) strategies for strengthening, reorientation and coordination of cooperative federal organisation and development of professional manpower were evolved for cooperative development. With a view to improving cooperative services and creating reasonable capabilities of the cooperative system, Rs.91423 crore was earmarked under the total public sector outlay on various schemes of Cooperation. This outlay was mainly for strengthening the capital base of the Cooperatives (Sixth Five-Year Plan 1980-85).

During the Sixth Five-Year Plan (1980-85) Cooperatives had mixed success in their progress. Although quantitatively substantial progress was made and the target laid down in the plan was more or less achieved, a number of shortcomings were also noticed. In spite of sizeable assistance, the Cooperative Movement did not pick up, especially in the North East Regions. By far the most serious lacuna was the continuous incidence of high level of overdue in a large number of states which eroded the overall viability of Cooperatives besides affected other fields of activity like marketing of agriculture produce, supply of agricultural inputs and distribution of consumer goods (Seventh Five-Year Plan 1985-90).

Hence, during the Seventh Five-Year Plan (1985-90), strategies for the development of viable cooperative units, special programmes for underdeveloped states, broad based Public Distribution System (PDS) etc., were taken up. However, the growth of the cooperative sector was not uniform in all parts of the country (Seventh Five-Year Plan 1985-90). Some of the important reasons for this situation were the control of Cooperatives by dominant vested interest groups, poor management, dependence of Cooperatives on higher tiers and on Government for financial assistance, and limited range of business activities. The function of thrift had not been given due importance by Cooperatives leading to resource crunch and ultimately
eroding their viability to serve the poor (Agricultural Credit Review Committee 1989).

Although there was no specific chapter on Cooperative development in the Eighth Five-Year Plan (1992-97), it was visualized that agricultural cooperatives would continue to occupy an important place in the economic policies of the Government. The Plan document mentioned "recent changes introduced by the Government in several fields provide an opportunity for Cooperatives to play a much large role in several areas such as marketing of agricultural produces, creation of marketing infrastructure, establishment of agro-processing units etc". (Eighth Five-Year Plan 1992-97).

Hence, building up of the Cooperative Movement as a self managed, self regulated and self reliant institutional set up by giving more autonomy, enhancing the capability of Cooperatives for enabling them to improve the productivity and employment opportunities, extending adequate credit support, linking consumer Cooperatives for implementing the Public Distribution System (PDS), developing and training of cooperative functionaries by introducing viable personnel management policies were the major strategies for cooperative development in the Eighth Plan. The targets envisaged for the Eighth Plan under some of the programme involving the Cooperative Movement are given in Table 1.01.

Ninth Five-Year Plan

Efforts to strengthen agricultural credit agencies have been given top priority in the Eighth Plan. Agricultural credit is disbursed through a multi-agency network consisting of Cooperatives, Commercial Banks and Regional Rural Banks (RRBs). Agricultural loans provided by various agencies rose from Rs.6992 crore in 1991-92 to Rs.28653 crore in 1996-97. While the short term agricultural credit from cooperative banks, RRBs and commercial banks increased from Rs.6611 crore to Rs.19678 crore, the investment credit (medium and long term) increased from Rs.4587 crore to Rs.10962 crore during the same period. As against the target of 40 per cent for priority sector lending by the banks, the sub target for agriculture has been fixed 18
However, the achievement during the Eighth Plan was only 13-14 per cent (Ninth Five Year Plan 1997 - 2002).

Table-1.01
 Eighth Five-Year Plan Target for Cooperative Sector
(Rs in crore)

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Programme</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Short Term Loans</td>
<td>7050</td>
</tr>
<tr>
<td>2.</td>
<td>Medium Term Loans</td>
<td>615</td>
</tr>
<tr>
<td>3.</td>
<td>Long Term Loans</td>
<td>1625</td>
</tr>
<tr>
<td>4.</td>
<td>Cooperative Marketing of Agricultural Products</td>
<td>9500</td>
</tr>
<tr>
<td>5.</td>
<td>Value of fertilizer retailed by Cooperatives</td>
<td>4000</td>
</tr>
<tr>
<td>6.</td>
<td>Value of consumer goods distributed in urban areas</td>
<td>5000</td>
</tr>
<tr>
<td>7.</td>
<td>Value of consumer goods distributed in rural areas</td>
<td>4500</td>
</tr>
<tr>
<td>8.</td>
<td>Cooperative sugar factories installed (Nos)</td>
<td>269</td>
</tr>
<tr>
<td>9.</td>
<td>Cooperative spinning mills installed (Nos)</td>
<td>158</td>
</tr>
<tr>
<td>10.</td>
<td>Capacity of Cooperative godowns constructed (Million Tonnes)</td>
<td>142</td>
</tr>
<tr>
<td>11.</td>
<td>Cold Storage (Nos).</td>
<td>309</td>
</tr>
</tbody>
</table>


However Cooperatives have played a major role in disbursement of credit during Ninth Five-Year Plan (1997-2002). Nearly 60 per cent of the disbursement of short term loans and 35 per cent of investment credit were provided by the Cooperatives. Measures have already been initiated for ensuring autonomy, democratization and professionalisation of the cooperative credit structure in the country because of the emphatic declaration of Hon'ble Mr. Atal Bihari Vajpayee, Prime Minister of India (2001) in the National Conference of Chief Minister on "Cooperative Credit Structure" held at New Delhi as the Chief Ministers and all political parties to help de-politicise, de-bureaucratize, democratize and professionalise Cooperatives" (Cooperative Initiative Panel 2001). The Cooperative system and refinancing institutions are the two major channels for providing agricultural credit. The rural credit system is being restructured and it is proposed to double the flow of credit to agriculture and allied sectors. The availability of
credit to farmers particularly to the small and marginal category is substantially improved. The quantum of refinance to Cooperatives and RRBs is progressively increased. The state level Agricultural Financial Corporations established by NABARD has increased the flow of ground level credit and the new local area banks being established are also expected to increase the flow of credit to agriculture and allied sectors. Thus, the total credit flow projected by National Bank for Agriculture and Rural Development (NABARD) is Rs.220750 crore up to 2002-03 (Ninth Five-Year Plan 1997-2002)

The agricultural marketing infrastructure has not kept pace with the accelerated growth of production in the country. This has resulted in significant post harvest losses of agricultural produce. The Central Government has provided assistance for the creation of infrastructure facilities for marketing and for the setting up of rural go downs. During the Ninth Plan, the Panchayats will also be encouraged to involve themselves actively in creating marketing infrastructure at the rural level. Marketing extension, being a key factor in bringing desirable changes in attitude, skills and behaviour of the farmers, traders and consumers, the agricultural marketing extension will be strengthened. Direct marketing will be promoted in the interests of both the producers and the consumers.

The functioning of the agricultural markets particularly for fruits and vegetables will be improved to ensure fair and remunerative prices to the growers. The wholesale markets will be modernised with all basic infrastructure facilities for cleaning, grading, packaging, and storage and also with electronic auction platforms. There is a need for establishment of cold chains, providing pre-cooling facilities to farmers, cold chains in the terminal markets and improving the retail marketing arrangements in the urban areas. Schemes will be formulated for promotion of available low cost technology in the form of fruit vending machines, expellers, grinders, packers, reefer vans, etc. to the educated rural and urban youth with appropriate package of assistance.

In order to accelerate higher intake of fertilizers and the use of other inputs in crop production, especially in the remote areas, fertilizer and other
input retailers network has to be considerably expanded. Efforts are required of stocking of fertilizer in order to create a supply push to complement the demand-pull for fertilizers as a result of extension efforts. There is a need to ensure adequate movement of fertilizers particularly, in the High Potential - Low Productivity Zone with the help of institutional agencies. The State Cooperative Marketing Federations and State Agro-Industries Corporation will have to play an effective role in input delivery system. The procedure for provision of margin money and working capital to the Federation will be streamlined by National Cooperative Development Corporation (NCDC)/NABARD. There is also need for evolving mechanism whereby the institutional agencies are insulated from losses in the event of the off-take of fertilizers falling below their expected level and consequent monetary burden due to surplus stocks.

The gross value of output from the livestock accounts for about 26 percent of the total agricultural output, Animal Husbandry and Dairying development activities will receive greater attention during the Ninth Plan as this sector plays an important role in generating employment opportunities and supplementing the incomes of small and marginal farmers and landless labourers, especially in the rain fed and drought-prone areas. Effective control of animal diseases, declaration of disease-free zones, scientific management of genetic stock resources and upgradation, breeding, quality feed and fodder, extension services, enhancement of production, productivity and profitability of livestock enterprises are the specific areas identified for immediate intervention and support. The Ninth Plan target for milk production is set at 96.49 million tonnes envisaging an annual growth rate of 7.06 percent. Egg and wool production targets are set at 35 billion nos. and 5400 lakh kg. respectively. As a part of Special Action Plan for doubling food production new schemes envisaged in respect of dairy sector during the Ninth Plan are; (i) New Primary Dairy Cooperatives; and (ii) Vidya Dairies.
Where as the Government of India;

- Recognizes Cooperatives as a distinct economic sector and integral component of the socio-economic system of the country, which will remain the preferred instrument of execution of the public policy especially in the rural areas and in sectors where on account of considerations relating to equity, they are the most effective delivery system.

- Upholds the preservation of the distinct entity of Cooperatives, its values and principles by providing an appropriate environment and the required administrative and legislative support.

- Underlines the need for cooperative to mobilize local resources, diversify new activities and ventures and strive for the continued uplift of their member constituencies.

© Recognizes the role of the government in ensuring that the benefits of liberalization in the emerging economic environment are extended to Cooperatives in equal measures, through suitable fiscal and policy supportive of the Cooperatives.

- Accepts the need to support the movement to develop human resources and infrastructure facilities for training so as to promote professional management in Cooperatives for their greater functional efficiency.

- Affirms its continued support for the creation of infrastructure and other facilities through suitable programmes and schemes for the development of Cooperatives without interference from the government in the functioning of these Cooperatives.
Undertakes to initiate structural reforms in order to improve the functioning of the Cooperatives at various levels to ensure greater efficiency and viability.

Encourages self-help groups and non-governmental organisations working at the grass root level with a view to integrating them into the cooperative system.

Devices suitable programmes and schemes to build and develop cooperative institutions in cooperatively underdeveloped and undeveloped states / regions (Cooperative Initiative Panel 2002).

Progress and performance of Cooperatives

Over the successive Five-Year Plans considerable expansion and diversification have taken place. To day the Cooperatives cover the entire spectrum of activities especially in rural area (Khalici Mustafa 1995, Dwivedi 1996). There are 5.28 lakh Cooperatives in 1999-2000 1.40 lakhs of them are primary agricultural credit cooperative societies (PACS’s) and the remaining are primary non-credit Cooperatives. About 228.77 million people have membership and all the villages in our country have been covered by Cooperatives. 67 per cent of the rural households have been brought under the fold of Cooperatives. The working capital of all Cooperatives is Rs.28.56 lakh million and they own Rs. 13.21 lakh million worth assets (NCUI-2001).

The share of Cooperatives in the national economy is presented in Table 1.02.
Table-1.02

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural net work (villages covered)</td>
<td>j</td>
</tr>
<tr>
<td>Agricultural credit disbursed by</td>
<td></td>
</tr>
<tr>
<td>Cooperatives (percent)</td>
<td>49.3</td>
</tr>
<tr>
<td>Fertiliser distributed (.6.742 million tonnes)</td>
<td>23.5</td>
</tr>
<tr>
<td>Fertilizer produced (for nitrogen -N)</td>
<td>20.8</td>
</tr>
<tr>
<td>Fertilizer produced (P2 05)</td>
<td>59.73</td>
</tr>
<tr>
<td>Sugar produced (8.972 million tonnes)</td>
<td>114.3</td>
</tr>
<tr>
<td>Capacity utilisation of sugar mills</td>
<td>28.9</td>
</tr>
<tr>
<td>Wheat procurement (4.518 million tonnes)</td>
<td>50.0</td>
</tr>
<tr>
<td>Animal feed production / supply (percent)</td>
<td>21.0</td>
</tr>
<tr>
<td>Retail fair price shops (94,111)</td>
<td>6.9</td>
</tr>
<tr>
<td>Milk procurement to total production (percent)</td>
<td>10.5</td>
</tr>
<tr>
<td>Milk procurement to marketable surplus (percent)</td>
<td>45.0</td>
</tr>
<tr>
<td>Ice cream manufacture (percent)</td>
<td>50.0</td>
</tr>
<tr>
<td>Oil marketed (branded) (percent)</td>
<td>10.0</td>
</tr>
<tr>
<td>Spindleage in Cooperatives (3.47 million)</td>
<td>59.5</td>
</tr>
<tr>
<td>Cotton marketed / procurement (percent)</td>
<td>22.0</td>
</tr>
<tr>
<td>Cotton yarn / fabrics production (percent)</td>
<td>55.0</td>
</tr>
<tr>
<td>Handlooms in Cooperatives (percent)</td>
<td>21.0</td>
</tr>
<tr>
<td>Fishermen in Cooperatives (active)</td>
<td>64.5</td>
</tr>
<tr>
<td>Storage facility (village level pacs)</td>
<td>7.9</td>
</tr>
<tr>
<td>Soya been production (percent)</td>
<td>14.1</td>
</tr>
<tr>
<td>Self employment generated for persons (millions)</td>
<td>7.4</td>
</tr>
<tr>
<td>Self manufactured (18,777 matric tonnes)</td>
<td></td>
</tr>
</tbody>
</table>


Cooperatives in Tamil Nadu

Tamil Nadu, a pioneer in the field of Cooperative Movement in India witnessed the first village cooperative credit society in Thirur in Thiruvallur district, the Cooperative urban bank in Periyakancheepuram and the Triplicane Urban Cooperative Society (TUCS) in Chennai, even before
passing of the Cooperative Credit Societies Act, 1904 in India. It is also pioneer in organising formal Cooperatives. It is the then Madras Province in 1892 assigned Sir.F.Nicholson to report on the advisability and starting a system of land banks on Cooperative lines (Subb 2001).

After the enactment of the first Cooperative Credit societies Act (1904), the movement in Tamilnadu gained support and expertise from dedicated Cooperators such as Thiruvalargal S.K. Chenniappa Gounder of Erode, M.P. Nachimuthu Muthaliar of Chennimalai, K.A. Natchiappa Gounder of Salem, P.S. Rajagopal Naidu of Vellore, Kumarasamy Muthaliar of Medithalavai, R. Kanagasabai of Chidambaram, V.K. Ramasamy Muthaliar of Mathuranthagam, P.S. Kumarasamy Raja of Rajapalayam, Nadimuthu Pillai of Thanjavur, Dr. P. Natesan of Chennai, Bakthavatchalam Naidu of Vellore, and Ramakrishna Mudaliar of Manali. The movement has progressed in leaps and bounds over the past nine decades and has made a significant contribution to the socio-economic development of people through a vast network of Cooperative institutions in Tamilnadu (Seminar Report on the Alternative Act for Peoples' Cooperatives J998).

At present there are 4803 Cooperative credit societies and 4596 non-credit Cooperatives in the State. All the 17,047 villages and 616.70 lakh population are covered; 16.54 lakh agricultural labourers, 30.22 lakh rural artisans, 223.37 lakh farmers and others numbering nearly 109.49 lakh are served by Cooperatives. 378.69 lakh persons are members of credit Cooperatives and 286.04 lakh persons are members of non-credit Cooperatives (NCU12001).

At the primary level there are 4583 Primary Agricultural Cooperative Banks (PACBs), 192 Primary Agriculture and Rural Development Banks (PARDBs), 21 Farmers' Service Societies (FSSs) and 14 Large sized Adivasi Multipurpose Cooperative Societies (LAMPS). In addition, there are 115 General Purpose and 193 Special Purpose Non-Credit Cooperative Societies (SPNCS), 23 Farming Cooperatives (FC), 32 Irrigation Cooperatives, 3942 Consumer Cooperative Stores, 72 Labour Contract and Construction
Cooperatives, three Electricity Cooperatives and three Forest Labour Cooperative Societies and 150 Non-agricultural societies in the state (NCUI 2001).

Apart from these, there are 398 Industrial Cooperative Societies, 10655 Primary Dairy Cooperatives, 1379 Handloom Weavers’ Cooperative Societies and 64 Powerloom Cooperative Societies (NCUI 2001). There are also Cooperative institutions exclusively for weaker sections such as salt workers, fishermen, cobblers and students.

To encourage village women entrepreneurs and the rural artisans in self employment, a novel scheme called Savings Linked Micro Credit Programme for women is implemented throughout the State. The urban and semi-urban poor and middle class are also covered by the service of Cooperatives. 471 Urban Housing Societies, 181 Taluk Housing Cooperatives, 125 Urban Banks and 23 Central Cooperative Banks significantly contribute to the development of urban poor and middle class people. In the field of cooperative education, Tamilnadu is a pioneer. At present there are six colleges offering under-graduate degree programmes in Cooperation. In addition, two colleges and two universities offer post-graduate and research degree programmes in Cooperation. In the field of Cooperative training, there are two Institutes of Cooperative Management (ICM) located at Chennai and Madurai each. They offer cooperative training to the employees of Cooperatives and graduates. Moreover, the Tamilnadu Cooperative Union offers training programmes through its nine training centres functioning throughout the state. For the development of the state and its economy, especially the weaker sections, contributions of Cooperatives are enormous. Chart 1.01 and 1.02 present the Structure of Cooperative Movement in Tamil Nadu.
Chart - I.01

STRUCTURE OF COOPERATIVE MOVEMENT IN TAMIL NADU

Agricultural credit
  / \
Short term & Medium term Credit
  / \
TNSCB

long term
  / \
TNSARDB
  / \
DCCB
  / \
PACB/ LAMPS/ FSS

Farming
  / \
Spinning
  / \
Marketing
  / \
Sugar
  / \
Fisheries
  / \
Dairy
  / \
Poultry

Agricultural non-credit
  / \
TNCSF
  / \
TNCMPF

  / \
TANFED
  / \
TANFED

  / \
TCMF
  / \
CMS

Chart - 1.02

STRUCTURE OF COOPERATIVE MOVEMENT IN TAMILNADU

Non-agricultural credit

TAICO BANK

TNCHF

Cooperative Urban Bank

Employees Thrift & Cooperative Credit Societies

Forest Labour Societies

Industrial Cooperatives

Consumer Cooperatives

Labour Contract & Construction Societies

Non-agricultural non-credit

Primary Cooperative Housing Societies

TNSCUBF

CUB

INHWCS

Other Industrial Cooperatives

TNCCF

Primary Weavers' Cooperative Societies

District Wholesale Stores

PCCS

Legend:  TAICO - Tamilnadu Industrial Cooperative Bank; TNSCUP - Tamilnadu State Cooperative Urban Banks Federation; UCB - Urban Cooperative Bank; TNCCF - Tamilnadu Consumer Cooperative Federation; TNHWCS - Tamilnadu Handloom Weavers' Cooperative Society; TNCHF - Tamilnadu Housing Cooperative Federation; PCCS - Primary Consumer Cooperative Stores.
Agricultural Credit Cooperatives

Short and medium term Credit: The agricultural credit (short term and medium term) sector has a three tier federal structure. It consists of State Cooperative Bank (SCB), District Central Cooperative Banks (CCBs) at district level and Primary Agricultural Cooperative Banks (PACBs) at the grass root level (villages).

The Tamilnadu State Apex Cooperative Bank has been disbursing credit through its affiliates for both agricultural and non-agricultural purposes. It channelises the funds provided by National Bank for Agriculture and Rural Development (NABARD) towards short term loans, medium term loans etc., for agricultural purposes and provides cash credit to District Central Cooperative Banks. As on 31.01.2000, the bank has share capital of Rs.26.56 crore, reserves of Rs.178.20 crore and the deposits of Rs.2505.42 crore. During the year 1999-2000 (upto 31st June 2000) the bank has disbursed loans to the tune of Rs.2398.42 crore.

In Tamilnadu there are 23 CCB with 2.77 lakh members. The paid up share capital of these banks have increased from Rs.140.47 crore in 1995-96 to Rs.269.67 crore in 1999-2000. The working capital is Rs.7220.82 crore. Their deposits have increased from Rs.2692.42 crore in 1995-96 to Rs.5673.41 crore in 1999-2000. These banks besides financing the Primary Agricultural Cooperative Banks provide finance to primary handloom weavers cooperative societies by availing credit from the NABARD. They sanction loans for non-agricultural purposes like purchase of lorries and buses, bulldozers, earthmovers, construction activities, establishment of clinic service centres by doctors/engineer and for pursuing professional courses by wards of members.

At present there are 4582 PACBs in Tamilnadu. The membership of these banks have increased from 76.42 lakh in 1993-94 to 78.14 lakh in 1997-98. Their paid up share capital was Rs.174.37 crore and working capital
was Rs.4280.60 crore in 1995-96. The banks’ deposits have witnessed a tremendous increase from Rs.687.54 crore in 1995-96 to Rs.2672.22 crore in 1999-2000. During 1995-96 these banks have disbursed short term loans to the tune of Rs.4011.22 crore and Rs 135.65 crore as medium term loans. A scheme of instant credit delivery system has been implemented in 4188 PACBs. 3.95 lakh persons in 1997-98 have got loans from these banks.

Large Sized Adivasi Multipurpose Cooperative Societies (LAMPS): During 1995-96 there were 14 LAMPS in Tamilnadu with a membership of 0.32 lakh. The paid up share capital and working capital of the LAMPS were Rs.14.29 crore and Rs. 18.09 crones respectively. The loans and advances to the tune of Rs.4.26 crore have been disbursed.

Farmers Service Societies: There are 21 Farmers Service Societies in Tamilnadu with a membership of 2.00 lakh farmers. Their paid up share capital was Rs.2.53 crore and working capital was Rs.33.64 crore in 1995-96. Loans and advances to the tune of Rs.42.83 crore have been disbursed.

Long Term Credit: For providing long term loans, two tier structure is being adopted in Tamilnadu. State Agriculture and Rural Development Bank has 192 members. It has 20 nodal regional offices located at the district level to provide services to Primary Agriculture and Rural Development Banks. It's paid up share capital was Rs.36.43 crore and its internal resources was Rs.235.16 crore in 1999-2000.

There are 192 PARDBs with a membership of 5.35 lakh farmers. The paid up share capital was Rs.132.73 crore and working capital was Rs. 976.05 crore in 1995-96. Loans and advances disbursed by these banks in 1995-96 was amounted to Rs.97.01 crore which rose to Rs.115.67 crore in 1999-2000.

Agricultural Non-Credit Cooperatives

Marketing Cooperative: In Tamilnadu there are 114 Primary Agricultural Cooperative Marketing Societies and 84.16 lakh farmers were members in 1997-98. The marketing societies are affiliated to Tamilnadu State Cooperative Marketing Federation (TANFED) one of the wholesalers of
chemical fertilizer distribution through PACBs and Marketing Cooperative societies. The paid up share capital of these societies was Rs.27.69 crore and the working capital was Rs.6.38 crore during 1995-96. The business turnover of the TANFED stood at Rs.228.60 crore in 1997-98. It is proposed to fix target of Rs.625 crore for marketing of agricultural produce for the year 2000-2001.

**Sugar Cooperatives:** At present there are 50 sugar mills in Tamilnadu. Of them 15 are under the fold of cooperative sector, three of them are under public sector. The membership in Tamilnadu Cooperative Sugar Mills Federation has increased from 4.03 lakh in 1995-96 to 4.12 lakh in 1997-98. The paid up share capital of the federation increased from Rs.121.20 crore in 1995-96 to Rs.126.53 crore in 1997-98.

**Dairy Cooperatives:** There are 10665 primaries (Producers and Consumers) and 17 District Cooperative Milk Producers' Union. The number of primary milk producers' cooperative societies has increased from 10209 in 1993-94 to 10665 in 1997-98. The membership was increased from 25.24 lakh to 26.81 lakh. The important development in the dairy cooperative sector in Tamilnadu is that there are 209 milk producers' cooperative societies wherein all are women members.

**Farming Cooperatives:** There are 21 farming societies in Tamilnadu with membership of 2950 farmers. The paid up share capital and working capital of the societies were Rs.1.29 crore and Rs.0.38 crore respectively. The business operation of these societies was amounted to Rs.7.28 crore in 1995-96.

**Poultry Cooperatives:** There are 1383 Poultry societies in Tamilnadu. During 1995-96, the paid up share capital and working capital of these societies were Rs.0.70 crore and Rs.2.89 crore respectively.

**Fisheries Cooperatives:** In Tamilnadu, there are 675 fisheries Cooperatives with the membership of 2.31 lakh. The paid up share capital was Rs.2.24 crore and the working capital was Rs.5.22 crore. The business operation of these societies had gone up to Rs.1.79 crore during 1995-96.
Non-Agricultural Credit Cooperatives

Cooperative Urban Banks (CUBs): The number of cooperative urban banks has increased from 121 in 1995-96 to 126 in 1999-2000 in Tamilnadu. The membership of the UCB has also rose to 25.23 lakh to 53.67 lakh in 1997-98. The paid up share capital and working capital was Rs.35.34 crore and Rs.842.80 crore respectively in 1995-96. The deposits of the banks have increased tremendously from Rs.368.20 crore in 1995-96 to Rs.2369.90 crore in 1999-2000. During the year 1995-96 loans and advances made by them was Rs.290.21 crore and the loans overdue was Rs.51.64 crore.

Housing Cooperatives: There are 721 housing Cooperatives in Tamilnadu. The entire area of Tamilnadu is covered by 528 urban housing societies and 193 rural housing cooperative societies. The working capital of the Tamilnadu Cooperative Housing Federation (TNCHF) stood at Rs.829.75 crore in 1997-98. The loans advanced by the federation has increased from Rs.204.73 crore in 1995-96 to Rs.293.91 crore in 1997 98.

Non-Agricultural Non-Credit Cooperatives

Consumer Cooperatives: At present there are 36 consumer cooperative wholesale stores and 3557 primary consumer cooperative stores and 2971 students' cooperative stores. The membership of these societies stood at 6.56 lakh in 1995-96. The paid up share capital and the working capital was Rs.143.63 crore and Rs.211.63 crore respectively. During 1998-99 they have sold Rs.1553.77 crore worth consumer goods. These societies distribute essential commodities under Public Distribution System (PDS) through a network of 79 lead societies, 4339 link societies, 30 mobile shops, 181 sub retail outlets run by women group and 15 exclusive Kerosene bunks. They cater to the needs of 155 lakh family cardholders.

Weavers' Cooperatives: There are 1379 handloom weavers' cooperative societies and 64 powerloom cooperative societies. 3.69 lakh weavers are members of these societies. The paid up share capital of these societies has increased from Rs.376.87 crore in 1995-96 to Rs.388.74 crore in 1996-97. The value of cloth produced has gone up from Rs.380.44 crore to
Rs.407.57 crore. Sales turnover has increased from Rs.454.52 crore in 1995-96 to Rs.487.25 crore in 1996-97.

**Industrial Cooperatives:** There are 379 industrial Cooperatives. Majority of them are involved in coir, tailoring, match works, brick making, handicrafts etc. In 1995-96 the total number of members was 69818, which rose to 72951 in 1997-98. The number of workers has gone up from 1.19 lakh to 1.26 lakh. The value of production has gone up from Rs.262.52 crore to Rs.351.24 crore.

**Women's Cooperative Societies:** There are 12 women's cooperative societies in Tamilnadu. The total membership of these societies was 1767 in 1995-96. The paid up share capital stood at Rs.1.26 crore and working capital was Rs.1.64 crore in 1995-96. The business turnover of these societies was Rs.9.17 crore.

**Integrated Cooperative Development Project:** The Integrated Cooperative Development Project (ICDP) is functioning in the State with an objective of developing the agricultural and allied sectors through Cooperatives. It avails financial assistance from National Cooperative Development Corporation (NCDC). So far the Government has implemented the projects in Virudhunagar, composite South Arcot, Coimbatore, Dharmapuri and Thiruvannamalai Districts. The project was completed in all the above districts. It has been proposed to extend the scheme to the districts of Kancheepuram, Ramanathapuram and Thiruvarur.

Thus, the Cooperative Movement, which has become a part of the daily life of people, plays a prominent role in the welfare of the community at large. *(Government of Tamil Nadu 2000).*
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