GENESIS OF CO-OPERATIVE ASSOCIATION
CO-OPERATION, an economic miracle of the nineteenth
century,\(^1\) is not a mere slogan in the present era.\(^2\) It is
one of the potent instruments to resolve the socio-economic
problems of mankind not by resorting to revolution but
through a process of mutual and co-operative effort.
Emphasising the importance of co-operation Hall and Watkins
observed: "In working with others for the common good, man's
highest qualities are enlisted and developed; and in the
employment of these qualities the man himself becomes a
better man, and the quality of the human race is improved."\(^3\)
Thus, co-operation raises the people's standard both
materially and morally. Because of these advantages, the
roots of co-operation have spread wide and deep both in the
developed and developing nations. As the I.L.C. Yearbook
for 1933 noted: "In some they are using it as an instrument
for developing a backward economic system; in other more
advanced countries, it is considered as a highly developed
and advanced form of economic activity and is, therefore,
entrusted with new responsibilities in being associated
with tasks of public importance.\(^4\)

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\(^3\)Quoted by Arnold Bonner, \textit{British Co-operation} (Manchester: Co-operative Union Ltd., 1961), p.461.

since co-operation has received a lot of attention and experimentation all over the world, it is necessary to understand the term properly to study its salient features, and trace its genesis at the global level, but more particularly in India.

DEFINITION OF CO-OPERATION

Co-operation has been defined in slightly different ways in various sciences and by various scholars. This is due to its flexible nature which can lend itself to a variety of purposes, and adapt itself to widely divergent economic and social systems. In order to have a thorough understanding of the concept, some well-known definitions are discussed below:

According to Hubert Calvert: "Co-operation is a form of organisation wherein persons voluntarily associate together as human beings on a basis of equality, for the promotion of economic interests of themselves." 5


There were days of scarcity and shortages in whole of Europe. The capitalist structure created by the Industrial Revolution was also responsible for creating many social and economic evils in the society.

Robert Owen, a poor Welshman, was the first to propound and propagate the ideals of co-operation in England in 1793. William King (1828) of Broughton, popularly known as the 'poorman's doctor', was another staunch advocate of co-operative movement in England. King's main contribution is the publication of a periodical, 'The Co-operator' through which he expounded the philosophy of consumer's co-operatives. The movement was given a big push in 1844 by a handful of weavers by launching a small consumer store called Rochdale Equitable Pioneer's Society. It was run according to certain business rules, which later on, acquired the shape and style of Co-operative Principles.
From England, the co-operative movement spread to some continental countries, particularly France, Germany and Italy.

In France, Charles Fourier, son of a cloth merchant, advocated co-operative production. Paul Lambert in his book *Studies in Social Philosophy of Co-operation*, writes: "Fourier was one of the first reformers who laid stress on the fact that the struggle against pauperism depends more on the increase of production than on better distribution provided such an increase of production occurs in social context which would at least secure a proportional distribution of the growing national income."¹² Co-operative experiments of various kinds were made by Proudhon, Phillippe Buchez*, Charles Gide, George Fauquet and Louis Blane.

In Germany, Hermann Schulze-Delitzsh, and Friedrich Wilhelm Raiffeisen, towards the end of 1840 set up several associations for poor people in urban and rural areas respectively.


*Phillipe Buchez was a staunch supporter of French socialism. He was of the opinion: "To each according to his needs, from each according to his capacity".
CO-OPERATIVE PRINCIPLES

There are three basic principles of a society observed: "open membership does not mean that anybody can demand, as of right, admission to any co-operative society; it only means that a society formed with certain definite objects shall keep its doors open for all people who share those objects." Conversely, a co-operative society can refuse membership to undeserving persons who may enter the co-operatives to destroy the very foundations of co-operation. As such, refusal of membership cannot be deemed to be against the principle of open membership.

The principle of democratic control implies equal participation by all the constituent members, irrespective of their economic or social status or capital invested. In other words, "the primacy is of men over the capital not capital over men." The basic idea is 'people's control' rather than 'money control' as is prevalent in the private sector. In actual practice, the rich people do succeed in exploiting the weaker people even in the co-operatives. This is achieved through bogus membership. Such persons usurp all the benefits of a co-operative society. In this context, one of the senior bureaucrats

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of Punjab Government has alleged that co-operators in India are a big class of vested interests who are least bothered about public welfare and are more concerned about their personal aggrandizement.20

The co-operative principle of democracy implies opportunities for self-reliant and voluntary efforts. In our country, co-operatives have however, emerged with the help of the Government. E. H. Hough has stated in her monumental The Co-operative Movement in India that "no consideration of the co-operative movement in India can lose sight of the Government leading strings."21 The Government provides financial and managerial help. In order to safeguard its interests, it imposes rules and insists on checking accounts and even dictates terms such as, representation on the board of directors and the appointment of chief executives. This is against the principle of democracy. In the opinion of E. G. Weeraman, "even provisions which are per se healthy for a co-operative society's internal management become regimentation when they are laid down from above."22 As such, the management must vest in the members themselves and there should be no external interference. In fact, autonomy is a corollary of democracy.

The rationale of limited interest on capital is that the main objective of a co-operative is not profit-earning, as is in the private sector. If unlimited interest is permitted, it may lead to unjust distribution of wealth. A similar view was taken by the Mirdha Committee on co-operation, which stated: "It seeks to neutralise the disparities caused by ownership of capital and helps to promote economic equality."23 As a matter of fact, a co-operative society is organised to enable the members to improve their economic conditions and standard of living. A credit society, for example, is formed not to earn profits out of its money-lending business, but to enable its members to augment their resources and earn more by the productive investment of the loans advanced to them.

As a co-operative belongs to its members, so, surplus or saving arising out of its transactions should be distributed in such a manner that it goes back to its own members. A co-operative society is expected to render services to the members at the actual cost. This however, does not mean that the societies should run on 'no profit no loss' basis. An efficiently managed society is very likely to make a profit. The profit however, is mainly meant to meet unforeseen losses that may be incurred at a later stage, as also to strengthen the financial base of the society, enabling it to render

efficient and inexpensive services to its members. G.D.H. Cole approves of accumulation of a judicious surplus. In his view, the surplus so earned makes it possible for co-operators both to have their cake and eat it too.24

The principle of co-operative education is regarded as the principle of all principles because the realisation of all other principles depends largely on this principle. Stressing the importance of co-operative education, the Study Team on Co-operative Education pointed out that "a society which formally grasped the main principles, and acts on its knowledge will be truly co-operative and the fact that it is managed on co-operative lines will constitute the most important factor in its financial position."25 Since the co-operatives have grown in size both horizontally and vertically, the question of co-operative education to members has assumed a greater importance. This would help the members to adapt new ideas, new standards of conduct and behaviour.

In the dynamic business world of today, co-operation among co-operatives is not only desirable but is a necessity for the survival and growth of the movement. It is considered as one of the best means to eliminate waste in efforts.

An Indian writer is of the view that this would facilitate exchange of ideas and experience among them. In the words of D. N. Gadgil: "If the co-operative movement was properly developed and there was proper co-ordination and integration of the co-operative bodies in various spheres, such as finance, marketing, industrial, etc., as also at various levels - from village to the apex society and above - there would not be much of the need for state assistance. The co-operative movement would become self-reliant." As such, there should be inter and intra co-ordination amongst the various co-operative institutions.

**GENESIS OF CO-OPERATIVE MOVEMENT IN INDIA**

**before Independence**

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. Poor soil, population explosion and occasional outbreaks of natural calamities enhanced their misery. The outcome of all these factors was rural indebtedness. The rural poor was being exploited by money-lenders by way of charging usurious rates of interest. At some places of the country, peasants rose against the money-lending classes. With a view to save the peasants from

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the clutches of money-lenders, Provincial Governments enacted several measures of relief, such as, Deccan Agricultural Relief Act (1879), Land Improvement Loans' Act (1883) and Agriculturists' Loans Act (1884). These measures however, did not prove much of a success due to stringent and cumbersome official procedures.

In 1892, the Government of Madras Presidency deputed one of their senior officers, Sir Fredrick Nicholson to study the theory and practice of co-operative structure in England and Germany, and to examine the feasibility and modalities of their introduction in the Indian situation. Nicholson in his Report (1907) observed that we must find "Raiffeisen in India". The Report stressed...

In 1901, the Government of India appointed a Committee under the Chairmanship of Sir Edward Law, to study the prevailing economic conditions in the country. The Committee recommended the introduction of co-operative credit societies on the Raiffeisen model. It also came up...

*F.A.Nicholson, Report regarding the possibility of introducing Land and Agricultural Banks in Madras Presidency, 1895.*

**The other members of the Committee were F.Nicholson and H.Dupemex.
with a Co-operative Societies Act. The Government accepted the recommendations. Accordingly, the first Co-operative Credit Societies Act (No. X), 1904 came into force.

Introducing the Bill in the Imperial Legislative Council, Sir Devzil Ebberson aptly remarked: "Only along the co-operative route will India find the way from poverty to plenty".

The Co-operative Credit Societies Act, 1904: The passage of this Act was the first milestone in the co-operative movement of India. It aimed at encouraging thrift habits among poor peasants and artisans by setting up co-operative societies. The co-operative societies were classified as 'rural' and 'urban'. The former had unlimited liability, while the latter had both limited and unlimited liability.

With the enactment of this Act, many credit societies started coming up and till the end of 1909-10, there were 0.02 lakh societies with about 1.60 lakh members and working capital of ₹6.80 million.
growth of the co-operative movement till independence, has been shown in Table 1-2.

Table 1-2
Growth of Co-operative Movement in India (1906-47) (in million)

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Societies (in lakhs)</th>
<th>Membership (in lakhs)</th>
<th>Working capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>1906-10</td>
<td>0.02</td>
<td>1.60</td>
<td>6.80</td>
</tr>
<tr>
<td>1911-15</td>
<td>0.12</td>
<td>5.51</td>
<td>54.81</td>
</tr>
<tr>
<td>1916-20</td>
<td>0.28</td>
<td>11.30</td>
<td>151.70</td>
</tr>
<tr>
<td>1921-25</td>
<td>0.58</td>
<td>21.55</td>
<td>363.61</td>
</tr>
<tr>
<td>1926-30</td>
<td>0.93</td>
<td>36.90</td>
<td>746.80</td>
</tr>
<tr>
<td>1931-35</td>
<td>1.05</td>
<td>43.22</td>
<td>946.11</td>
</tr>
<tr>
<td>1936-40</td>
<td>1.17</td>
<td>50.77</td>
<td>1046.80</td>
</tr>
<tr>
<td>1941-45</td>
<td>1.50</td>
<td>72.18</td>
<td>1246.70</td>
</tr>
<tr>
<td>1945-46</td>
<td>1.70</td>
<td>91.63</td>
<td>1640.00</td>
</tr>
<tr>
<td>1946-47</td>
<td>1.41</td>
<td>91.01</td>
<td>1561.01</td>
</tr>
</tbody>
</table>

(Sources: Reserve Bank of India, Review of The Co-operative Movement in India (Bombay, 1952), p.1)

The data shows that till independence, co-operatives have made progress on all fronts. The increase (1906-46) in the number of societies, the number of membership and the working capital was 63 times, 57 times and 241 times respectively. With the partition, the number of societies...
factor in the economic, social and political development of rural India.\textsuperscript{30}

After Independence

In the post-Independence era, co-operation has been assigned a notable role in bringing socio-economic changes through the process of democratic planning with accent on assisting the weaker sections of the community. Supporting this viewpoint, R.B. Tyagi observed: "In fact, co-operation has begun to be felt as the only panacea for all our maladies, both social and economic and specially of the rural sector."\textsuperscript{31} According to a Government publication, "co-operatives in the country's economy will not only avoid excessive centralisation and bureaucratic control likely to result from planning itself, but, also curb the acquisitive instincts of the individual producer or trader working for himself."\textsuperscript{32} For these reasons, various Five Year Plans have envisaged a great deal of scope for the organisation of co-operative activity.

The First Five Year Plan of India recognised co-operation as an indispensable instrument of planned economic development.


\textsuperscript{32} Government of India, Sahakari Samaj (New Delhi: Ministry of Community Development and Co-operation, Department of Co-operation, 1965), p.5.
action in democracy, combining initiative, mutual benefit and social purpose. Reiterating the approach enunciated in the First Five Year Plan, the Second Five Year Plan maintained that, "the building up of co-operative sector as part of the scheme of planned development is thus, one of the central aims of the national policy." The Third Five Year Plan observed that "a rapidly growing co-operative sector with special emphasis on the needs of the peasant, the worker and the consumer becomes a vital factor for stability, for expansion of employment opportunities and for rapid economic development." Based on the concept of growth with stability and social justice, the Fourth Five Year Plan visualised a bright future for co-operatives.

During the Fifth Five Year Plan also, co-operatives were recognised as an important institutional framework to ameliorate the condition of weaker sections, particularly in providing inputs and working as an important limb of the national Public Distribution Scheme. The Plan stated, "there is no other instrument as potentially powerful and full of social purpose as the co-operative movement." The

33 Government of India, First Five Year Plan (New Delhi: Planning Commission), p. 163.
36 Government of India, Fifth Five Year Plan (New Delhi: Planning Commission), p. 78.
Sixth Five Year Plan pointedly recognises the non-exploitative character of co-operatives, the voluntary nature of their membership, the principle of one man one vote, decentralised decision-making and self-imposed curbs on profits eminently qualifying them as an instrument of development combining the advantages of private ownership with public good.

**PROGRESS OF CO-OPERATIVES**

Since independence, the co-operative movement has progressively expanded in terms of membership, resources and transactions. It has left almost no sector of the economy untouched. In addition to traditional activities like credit, marketing, distribution etc., it has penetrated into new fields like fisheries, housing, handicrafts, handlooms, etc. While reviewing the progress of the movement in India, the Sixth Five Year Plan has stated that:

"Having begun primarily in the field of credit as a defensive mechanism against the usurious money-lenders, co-operatives have, through the last three decades of planning, come to embrace a large gamut of activities to serve the interests of producers and consumers."

The salient features and operational dimensions of the co-operative movement in India, for selected years after

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38 Ibid., p.177.
Table 1-3
Operational Dimensions of the Co-operative movement in India

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Societies (Lakhs)</td>
<td>3.3</td>
<td>3.2</td>
<td>3.3</td>
<td>3.1</td>
<td>3.2</td>
<td>3.0</td>
<td>2.9</td>
</tr>
<tr>
<td>Membership (Lakhs)</td>
<td>342</td>
<td>591</td>
<td>695</td>
<td>848</td>
<td>896</td>
<td>931</td>
<td>1010</td>
</tr>
<tr>
<td>Share Capital (Rs in million)</td>
<td>22.2</td>
<td>85.1</td>
<td>152.9</td>
<td>152.9</td>
<td>170.0</td>
<td>181.2</td>
<td>198.7</td>
</tr>
<tr>
<td>Working Capital (Rs in million)</td>
<td>131.2</td>
<td>681.0</td>
<td>1127.8</td>
<td>1243.2</td>
<td>1458.5</td>
<td>1669.1</td>
<td>1905.8</td>
</tr>
</tbody>
</table>

(Source: India 1982, p.277)

The above Table indicates that over the years, the number of societies have almost remained constant except at times when the weak and dormant societies were liquidated. Table further indicates that during the last about two decades, the membership, share capital and working capital of the societies have increased by 3 times, 9 times, and 14.5 times, as may also be seen from Chart I. Some of the important aspects of the progress* are now discussed below:

*Data compiled from: (i) Annual Report of the Ministry
(ii) India, 1982
(iii) Reserve Bank of India
Annual Report, 1978-79
(iv) Sixth Five Year Plan
CHART 1

OPERATIONAL DIMENSIONS OF THE CO-OPERATIVE
MOVEMENT IN INDIA

Membership

Share Capital

Working Capital
Credit: Agricultural credit co-operatives constitute the principal sector of the movement. Credit needs of farmers are met through two types of organisations. The short and medium term loans are channelised through co-operative banks. They have a four tier structure comprising primary credit societies (0.96 lakh); central co-operative banks (338); State co-operative banks (27); and National Federation of State Co-operative Bank.

With a view to provide all requisite services to the farmers under one roof, the Central Government, on the recommendations of National Commission on Agriculture, set up farmer's service societies. These have been organised to meet the requirements of small/marginal farmers and the weaker sections of the rural community. They are expected to provide not only production and investment credit, but also full package of service and technical guidance to farmers at a single point of contact. Each society covers an area of one development block consisting of about a hundred villages and a population of about one lakh. By June 1978, there were as many as 912 such societies. On the same lines, large sized multi-purpose societies (LAMPS) attuned to the requirements of the tribal people of India have been set up. They are expected to take care of the credit requirements for the collection and marketing of minor forest produce and consumption needs of the tribals. There were 1,428 LAMPS.
in the country in June 1978.

The long term agricultural credit is routed through land development banks having a three tier structure. During 1978-79, there were 890 primary land development banks, 19 State land development banks and a National Co-operative Land Development Banks Federation.

Of late, need was felt to integrate the existing two tier system of disbursement of agricultural loans. B.N. Choubey opposed this viewpoint by saying that "in an era of multi-agency approach when a number of institutional agencies can be allowed to play their role in the sphere of agricultural credit, why not allow land development banks to have their fair chance"? The Reserve Bank of India in 1976 appointed a Committee under the Chairmanship of K.K. Hazari to examine this issue. The Committee strongly recommended to integrate short, medium and long term credit structure at all levels. The recommendations are however, still under the consideration of the Central Government.

Marketing: The liberal credit facilities enable the farmers to increase the agricultural produce. However, in the absence of a suitable marketing structure they were fleeced by a host of private traders and the conditions of the farmers did not improve. In order to ensure that the farmers get better

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price for their produce, efforts were made to organise co-operative marketing societies. The Rural Credit Survey Committee suggested that marketing should form an integral part of co-operative system. It was felt that if co-operative credit is linked with agricultural marketing, there will be easy recovery of loans from the co-operative societies besides providing marketing facilities to the farmers. As a result, co-operative marketing infrastructure has now come to cover almost all the important markets in the country through a four tier structure. It comprised 3,592 primary marketing societies, 380 Central/district co-operative marketing societies, 295 State apex co-operative marketing federations and the National Agricultural Co-operative Marketing Federation of India Limited (NAFED) with its 25 branches during 1978-79. Out of 4,001 marketing co-operatives (State, district and primary) as many as 2,550 (64 per cent) had actually undertaken marketing of agricultural produce. Processing: Processing of agricultural produce is a useful adjunct to remunerative marketing. In the sphere of processing of agricultural produce, the co-operative sector has made noticeable contribution. The number of all types of processing units organised as well as installed were 2340 and 1862 respectively. The units include sugar mills, cotton spinning mills, solvent extraction plants, rice mills, dal mills, etc.
Industrial societies: In the rural economy, after agriculture, industry occupies the second place of importance. In order to boost the rural economy and to provide employment to the fast expanding rural population, the Central Government has been encouraging industrial co-operative societies in rural areas.

Industrial co-operative societies comprise weavers' societies and other industrial societies. As regards the weavers' co-operatives, there were 14,251 primary societies, 93 central societies, 22 State societies and All India Handloom Fabrics Marketing Co-operative Society limited. However, according to a survey only 30 per cent of the handlooms are covered by co-operative and the rest work for private interest. The industrial societies during 1977-78 comprised 24,804 primary industrial societies, 58 central societies and 12 State societies.

Consumer Protection: The co-operative sector has also provided a shield to the consumers against manipulative practices of the private traders. It acquired an added importance in the context of the introduction of the Public Distribution Scheme with effect from July 1979. The aim of consumer co-operatives has been that their benefits

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should reach the weaker sections of the community both in urban and rural areas. A four tier structure comprising 16,348 primary consumer co-operative stores at the base level, 481 Central/wholesale consumer stores at the district level, 22 State federations (including 8 State co-operative marketing-cum-consumer federations) and National Co-operative Consumers Federation Limited (N.C.C.F.) at national level, have been in operation at the end of June 1979. The district level wholesale stores were also operating 3,690 branches including about 200 departmental stores. Over 5,000 co-operative stores have been functioning among industrial workers, employees of railways, post and telegraphs, etc. In the rural areas, about 1,900 primary marketing societies and over 37,000 village/service co-operatives and other co-operative societies were connected with the distribution of consumer articles.

Weaker Sections: The national policy has been laying an ever greater emphasis on improving the conditions of the weaker sections of the community. The co-operative movement has played an important role in giving a practical shape to this policy by providing organisational support to those societies which include labourers, petty shopkeepers, small artisans, craftsmen, etc. There are nearly 8,000 labour contract and construction co-operatives, nearly 40,000 industrial co-operatives for artisans (including 13,000
societies, weavers' co-operative societies). These societies constitute the second largest segment of the co-operative movement providing employment to artisans and craftsmen. In addition to these societies, there exist co-operatives in dairy, poultry farming as well as rickshaw pullers.

The above stated discussion indicates that during the last three decades, the co-operatives have spread almost in all the facets of Indian community especially among the masses and the weaker sections. R.C. Dwivedi, a former chief executive of the National Co-operative Union of India in this context observed:

"Co-operation has come to a stage of recognition as a vital and inevitable force and instrument for socio-economic transformation and developments. Its impact has been perceptible and measureable."

Quantitatively, co-operatives have attained appreciable heights. There are 3.3 lakh co-operatives having 10 crore people within its fold. These have disbursed ₹ 2,200 crore of agricultural credit during 1980-81 as compared to merely ₹ 214 crore in 1960-61 and accounts for 40 per cent of credit requirements. During the corresponding period the value of agricultural produce marketed have witnessed an increase from ₹ 160 crore to ₹ 1,290 crore. Co-operatives have distributed consumer articles worth ₹ 809 crore in 1980-81. There are

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2,352 organised co-operative agricultural processing units out of which 2,140 have since been installed. Co-operatives have handled 46 per cent of the total fertilisers consumption and account for 56 per cent of the sugarcane marketed/processed in the country. These have also marketed 28 per cent of cotton production, 20 per cent of wheat procurement and 14 per cent of the paddy in the country. The detailed progress may be perused from Table 1-4.

ORGANISATIONS IN AID OF CO-OPERATION

Co-operation, as already stated, is a State subject, yet the Central Government has played a significant role in its overall growth. In fact, much of the credit for the phenomenal growth of the co-operative sector after independence goes to the leadership provided by the Central Government. Right from the beginning of the era of planning a Division/Department of Co-operation has been in existence at the Centre looking after the development of the movement (93%) in the country. At present, the Department of Agriculture and Co-operation is a constituent part of the Union Ministry of Agriculture and Rural Development.

Among its main functions, the Department has been arranging annual conferences of the State Ministers of Co-operation, Registrar, Co-operative Societies and holding national seminars, workshops, etc., to discuss various policy
The Department has also been constituting Expert Committees and Study Groups from time to time, to study specific problems and issues. It also strives for the implementation of the recommendations of such committees. So far Department has set up 33 committees.*

Besides, the Department of Agriculture and Co-operation, several national level organisations† have also come up in aid of co-operative movement and organisations. These organisations have been set up at the behest of, and with the financial aid and statutory support of the Central Government. These organisations‡ have added a new dimension to the co-operative sector. It has been their endeavour not only to build-up co-operative economy on a wide base, but, also to provide sufficient strength to the co-operative sector so that it can compete with other public and private agencies and to act as the nerve centres for the respective co-operatives at state, district/regional and local levels.

Despite its ambitious and wide development plans, the co-operative sector has faced numerous problems which have checked its optimum growth. Some of these problems are discussed below.

**Refer Appendix 4 for details
†Refer Appendix 5 for details
‡A brief review of some of the most important organisations relevant to the present study is given in Appendix 6.
Numerically, the co-operatives have attained remarkable heights, but not qualitatively. The primary societies, on which the whole of the edifice stands, are weak, non-viable or defunct. Gandhiji criticised the quantitative policy way back in 1917, when he said, "do not believe in multiplication table and think that we shall have achieved everything when you multiply your co-operative societies and you can think in millions instead of in thousands." The same issue had also been raised by several Committees/Commissions. Of late, vigorous steps have been taken by the Government to amalgamate the weak and dormant societies. Though the number of such societies had declined nearly 37 per cent, according to the Sixth Five Year Plan, still these are not doing any business and are virtually defunct. The recent further comments that the basic objective of re-organisation has not yet been achieved in substance.

42(i) Rural Credit Survey Committee (1954): "One of the main aims of future endeavour should be the promotion of viable units of co-operative service and business."

(ii) All India Rural Credit Review Committee (1969): "The functioning of strong and viable units at the primary level is an urgent need - as much for the social working of entire co-operative credit structures for the successful implementation of agricultural programmes."

(iii) Committee on Co-operative Credit (1959): "Need for rectification, consolidation and revitalisation of the large number of dormant societies before they can be relied upon to play their part."

(iv) Banking Commission 1972: "The banking institutions in the rural sector should be improved by strengthening the primary credit societies."


Co-operatives have developed unevenly in different States. To quote the Fourth Five Year Plan, "The proportion of co-operative credit to the total estimated borrowings of cultivators in 1961-62 was 55 per cent in Maharashtra, 41 per cent in Gujarat and 31 per cent in Madras. In States such as Assam, Bihar and Rajasthan, the proportion did not exceed 10 per cent. In other States, it did not exceed 30 per cent." This is not a healthy sign of growth because the regional imbalances lead to friction among the member States. The Fifth Five Year Plan also stressed that "the reduction of disparities of all kinds - social, economic and regional - must always remain one of the central objectives of our development planning." The situation however, continues.

Though 45 per cent of the rural population is reported to be covered by the co-operatives, according to the Sixth Plan, the weakest section of the community are still not adequately represented in the membership roll. Thus, the fruit of co-operatives are reaped by the rich and influential people at the expense of the rural poor. It is, therefore, necessary to evolve suitable ways and means to increase the flow of benefits to these sections.

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Infect co-operation has been given a stepmotherly treatment by the Central Government. It was tagged with a number of Ministries at various times, for example, Ministry of Food, Ministry of Community Development, Ministry of Agriculture and Irrigation, Ministry of Industries and Civil Supplies. At present, co-operation merely forms one of the divisions in the Department of Agriculture and Co-operation (Ministry of Agriculture). Although there are constraints to multiply the number of departments at the centre, yet looking at significant role assigned to the co-operatives in the socio-economic development of the country through the participation of the neglected, weaker and down-trodden sections of the community, it is suggested that as and when it is feasible, Government may set up an independent Department for Co-operation.