CHAPTER IV

REVIEW OF THE COOPERATIVE MOVEMENT IN INDIA

Genesis of the Modern Cooperative Movement.

Modern cooperative movement has a long history of origin. The movement took birth in different countries out of different circumstances.

In the second half of the 19th century England witnessed her Industrial Revolution. The revolution brought about many radical changes in the technique and organisation of production. The conditions prevailing then was such that the rich had many opportunities open to them to grow richer while the lot of poor was very wretched indeed and they could not help but growing poorer and poorer. To add to this deplorable condition the government also adopted the 'laissez faire' policy. The sufferings of the labouring classes reached the climax towards the beginning of the 19th century when crises had become quite frequent.

To ameliorate the miserable conditions of these labouring classes some practical minded persons started some schemes. Robert Owen was one of the earliest sympathisers and a practical philanthropist for the cause of these exploited people. He adopted the ideal of association amongst the workers for their mutual good. When the
time for development of cooperative ideas had become fully ripe, 28 flannel weavers of the town of Rochdale registered their 'Rochdale Pioneers Cooperative Society' on the 24th of October, 1844. This laid the foundation-stone of the modern cooperative movement.

For some years about this time the principle of cooperation was being advocated and practised in a few European countries as a method of securing credit for poor artisans, tradesmen and agriculturists.

In 1850 in Germany Schulze Delitzch formed a Loan Society to bring together poor artisans and traders. In 1862, another German, Raiffeisen formed the cooperative credit society of poor peasants after repeated trial and error. In Italy, Luzzatti established people's bank. Moreover, in Bulgaria the cooperative movement was launched by government agencies, partly based on the tradition of the ancient Mohammadan institution of the corn granary. In Finland, the initiative came from a group of intellectuals; in Hungary it came from a paternalistic aristocracy. In Asia and Africa, particularly in those countries covered by the British Empire the initiative came from the side of the government. India is not an exception to this.
The Movement in India:

India remained as an agriculturally peaceful country for many years in the long past. The condition of the hard working Indian peasantry was not so miserable at other times as was the case in the latter part of the 19th century when the British Rule in India had overthrown the whole economic set-up of the countryside. Because of ruinage of cottage industries and other subsidiary ones, the agriculturists in the countryside were affected most. The pressure of population on land, fragmented land holdings, and extreme ignorance of the poor masses were the factors which accounted for their vulnerability. Being unable to make both ends meet, the agriculturists had to go to the village moneylenders for their needs. The debts of the agriculturists became mounting year after year due to usurious practices of the moneylenders, and this heavy burden of debts became an all-time headache for them. The flame of misery and distress was further fanned by the severe winds of famines in a series.

Under the conditions prevailing then, there seemed to be no way out from this catastrophe. The lamentable conditions of the poor agriculturists gave birth to riots in some parts of the Deccan in 1874 and the government appointed a Commission to inquire into its causes. The
Deccan Riots Commission of 1875 and the Famine Commission of 1880 and Sir Frederick Nicholson (in 1895) testi monised the enormousness of debts piled up and its consequent affliction. Various remedial measures were adopted by the then provincial governments. Restrictions were imposed on the alienation and transfer of lands. The Deccan Agriculturists' Relief Act of 1879 enacted on the recommendations of the Deccan Riots' Commission of 1875 aimed at fixing reasonable rates of interest and ensuring the maintenance of accounts by the moneylenders. The Usurious Loans Act of 1918 had more or less similar objectives. But none of these measures proved effective. For, the really basic problem was the absence of a system which will make the supply of adequate credit to agriculturists on terms which they could afford and in quantities they needed.

The different Taccavi Acts passed in 1871, 1876 and 1879, the Land Improvements Loans Act of 1883, and the Agriculturists Loans Act of 1884 were all intended to advance short-term and long-term loans to agriculturists. But the assistance offered under these schemes was quite inadequate to meet the needs of agriculturists and many hurdles stood in their way of obtaining it. As a matter of fact, the Government's role as a direct supplier of credit was very insignificant even after the application of these measures.
To meet the situation, Sir William Wedderburn and Justice M.G. Ranade, in 1883, formulated a scheme for establishment of an agricultural bank in Poona to finance the agriculturists. The scheme was supported by the Government of Bombay and the then Viceroy of India, but it was turned down by the then Secretary of State mainly on the ground that the bank would virtually be a government institution. Thus the first attempt at establishing an agricultural bank became a failure.

A cooperative society was started in the Punjab as early as 1891 to govern the common land of the village for the benefit of the co-sharers. Another society was also started in 1895, but that could not exist for long. The Government of Madras were the first in India to be impressed by the successful working of cooperatives in European countries. Sir Frederick Nicholson was deputed in 1892 by the Madras Government to study the theory and practice of agricultural and other land banks in Europe and to suggest means by which a similar movement may be popularised in India. His reports were issued in 1895 and 1897. He pertinently remarked, "it is not merely cheap and facile credit that is required; it is a credit which must indeed be cheap and facile in that it shall be ever at hand but it must be credit which shall only be so obtainable that
the act and the effort of obtaining it shall educate, discipline and guide the borrowers .... Not joint-stock banks merely, still less State Banks or Banks financed by the State for the mere issue of the capital but Mutual Credit Unions are the desideratum."¹ In a classic passage Nicholson expressed his conclusion that, "the future of rural credit lies with those who, being of the people, live among the people, and yet by their intelligence, prescience and energy are above the people; such were the reformers of Germany and Italy who have introduced the great system of popular credit in those countries, and, taking the word 'Raiffeisen' not as indicative of a particular person or system but of the zeal, energy, patience, and continuous devotion so thoroughly exemplified in that great reformer, and of the spirit of cooperation, thrift, self- and mutual help so thoroughly developed in the above and similar systems, the whole of this report might be summed up in the two words, 'Find Raiffeisen'.²

In the meanwhile, Mr. Dupernex, an I.C.S. officer in the U.P. Government, advocated the establishment of

² Publications Division, Sahakari Samaj - A Symposium on the Cooperative Movement in India, August, 1962, p.10.
village cooperative societies of Raiffeisen type and other rural banks with the publication of his *Peoples' Banks for Northern India* in 1900.

The ideas of Nicholson and Dupernex soon received popular attention, and many district officers in the Punjab, the U.P. and Bengal started their own pioneering societies with full enthusiasm. But it was found that unless special legislation was passed, no progress was possible for these societies. The existing Companies Act of 1882 was also too complex to suit the societies. Moreover, the serious famines that visited the country at the close of the 19th century also necessitated the finding of adequate steps to meet the requirements of the rural population. The Famine Commission of 1901, therefore, examined the legislative measures for the relief of the agriculturists and suggested the establishment of Mutual Credit Associations. Consequently, Lord Curzon's Government formed a Committee under the chairmanship of Sir Edward Law to go into the question and make proposals. On the recommendations of this Committee the First Cooperative Credit Societies Act of 1904 was passed. Thus the idea of cooperative movement began to take root in the Indian soil as a policy of the government. The growth of the movement had to pass through the following stages to reach its present form.
First Stage (1904-1912):

With the Act of 1904 the local governments succeeded in bringing some progress in the Credit Movement as will be evidenced from the following figures:

Table No. 4.1: Growth of Agricultural Credit Societies (1906-1912).

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of societies</th>
<th>No. of members</th>
<th>Amount of working capital (in Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1906-07</td>
<td>843</td>
<td>90,844</td>
<td>23,71,683</td>
</tr>
<tr>
<td>1907-08</td>
<td>1,357</td>
<td>149,160</td>
<td>44,14,086</td>
</tr>
<tr>
<td>1908-09</td>
<td>1,963</td>
<td>180,338</td>
<td>82,32,225</td>
</tr>
<tr>
<td>1909-10</td>
<td>3,428</td>
<td>224,397</td>
<td>1,24,68,312</td>
</tr>
<tr>
<td>1910-11</td>
<td>5,321</td>
<td>305,058</td>
<td>2,03,05,500</td>
</tr>
<tr>
<td>1911-12</td>
<td>8,177</td>
<td>403,318</td>
<td>3,35,74,162</td>
</tr>
</tbody>
</table>


The table indicates that over the period under review the number of credit societies increased nearly ten-fold, the number of members increased more than four-fold and the amount of working capital registered a fourteen-fold increase.
The Act of 1904 did not provide for legislative protection for other types of societies, and many central agencies formed mainly to finance and control the existing credit societies also undertook all the risks attendant on a status unprotected by legislation. The Government of India, therefore, re-examined the whole question and, in 1912, they passed the second Cooperative Societies Act (Act II of 1912). This Act of 1912 sought to regularise many practices which had previously been of doubtful validity and made provisions for further expansion of the movement under proper safeguards. The main improvements of this Act over the Cooperative Credit Societies Act of 1904 were that it allowed other types of cooperative associations than credit and that, instead of distinguishing between urban and rural societies, distinction was made mainly on the basis of their liability - limited or unlimited. The registration of Unions, Central Banks and Central Banking Unions was thus legalised. Besides, many other improvements as regards audit and the like were introduced. But the main defect of this Act was that it failed to make a provision for liquid resources to meet liabilities. However, with this Act of 1912 many societies of different types were making progress and the confidence of the general public in the cooperative movement was being increasingly secured.
Second Stage (1912-1919):

On the 17th of June, 1914 the Government of India issued a comprehensive resolution reviewing the overall progress so far made and laying down the general lessons drawn from past experience. It felt that unless it was satisfied that the movement was proceeding on lines economically and financially sound, it could no longer bear the responsibility of promoting and supporting their further growth. The Government, therefore, appointed the Committee on Cooperation by a resolution passed on 8th October, 1914 to enquire into the matter and make recommendations. The Committee presided over by Sir Edward Maclagan submitted its report in 1915. As recommended therein the structural picture of the movement was to have a three-tier system of societies - 'Primaries' meant for individuals at the village level; 'Unions', that is, federation of individual societies for purposes of supervision and 'Central Banks' at district level doing banking business, and 'Provincial Banks' at provincial level to serve as apex banks.

The recommendations of the Maclagan Committee could not be put into immediate effect in large measure due to the First World War. However, the number of societies had
increased to 14,881, the number of members to 6,95,998 and the working capital to ₹ 7,45,725 by 1914.  

**Third Stage (1919-1929):**

After the War, next came introduction of Montford Reforms in 1919. With the introduction of this Reforms the direct responsibility of the Central Government in regard to policy formulation and administration of cooperation was transferred to the provincial governments. Cooperation thus became a transferred subject under the Government of India Act of 1919. The legislatures of different provinces, under the direction of the responsible Ministers in-charge-of cooperation, gave shape to cooperative societies of different types. By 1919, there were 28,000 societies in India with 11 lakh members and a total working capital of ₹ 15 crores. This was indeed a good progress. In 1923 the total number of cooperative societies of all types in the country was about 56,136 of which agricultural credit societies alone numbered 49,118. This shows that the movement was still agricultural credit oriented.

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Among the different states Bombay was the first to enact the Cooperative Societies Act in 1925, followed by Madras. The Government of Madras passed two Acts - one in 1932 and the other in 1934. Madras was followed by Bihar and Orissa in 1935. The province of Sind followed the Bombay Act. The Central Provinces adopted the Madras Act. Later on, Bengal, Hyderabad, Mysore, Coorg, Baroda and Gwalior also introduced their own Acts. The 1912 Act was adopted in many other remaining states. 5

In 1926 the Royal Commission on Agriculture was set up with Mr. Calvert as its chairman. By this time the number of agricultural credit societies increased to about 65 thousands. The Commission's much sounding words, 'If cooperation fails, there will fail the best hope of rural India' 6 induced several states in the country to appoint their own cooperative committees of enquiry for rehabilitation programme. Accordingly, the Townsend Committee was appointed in Madras in 1927, the King's Committee of the Central Provinces and Berar in 1922, the Oakden Committee of U.P. in 1925 and the Calvert Committee of Burma in 1928.

5. Publications Division, Sahakari Samaj, op. cit., p.16.

From 1919 to 1929 i.e., in the third stage, there was a rapid growth of the movement as will be evident from the following table.

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of societies</th>
<th>No. of members</th>
<th>Working capital (in Rs. '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1914-15</td>
<td>17,327</td>
<td>8,24,469</td>
<td>12,22,92</td>
</tr>
<tr>
<td>1915-17</td>
<td>23,336</td>
<td>10,48,425</td>
<td>31,12,25</td>
</tr>
<tr>
<td>1921-22</td>
<td>52,182</td>
<td>19,74,290</td>
<td>31,12,25</td>
</tr>
<tr>
<td>1923-24</td>
<td>61,106</td>
<td>23,13,567</td>
<td>40,52,97</td>
</tr>
<tr>
<td>1925-26</td>
<td>80,182</td>
<td>30,58,625</td>
<td>57,60,39</td>
</tr>
<tr>
<td>1927-28</td>
<td>96,091</td>
<td>30,70,173</td>
<td>76,70,87</td>
</tr>
<tr>
<td>1929-30</td>
<td>1,04,187</td>
<td>41,81,904</td>
<td>89,51,78</td>
</tr>
</tbody>
</table>


**Fourth Stage (1929-1939):**

In 1929 the world economic depression set in and it gave the cooperative movement in India a great shock. "The Great Depression gave a tremendous set-back to cooperative activity. Not only did it stall the progress
of the movement, but created grave difficulties for the existing institutions. The catastrophic fall in the prices of agricultural goods and of land threatened the very existence of some societies and violently disturbed the economic stability of others. Recovery of loans became extremely difficult; there were very heavy accumulations of overdues and freezing of society's assets. Normal working of these bodies was in many cases almost completely paralysed and in several others most adversely affected. There was a serious contraction of cooperative credit."7

In 1935, the Reserve Bank of India was established and its Agricultural Credit Department was charged with the function of studying various problems relating to agricultural credit. The R.B.I. had recommended that the village credit societies should be converted into multi-purpose societies which could influence village life as a whole by attempting to satisfy almost all the needs of the villagers - supply of farm implements, seeds, household requirements, etc., and assisting in the marketing of produce. And, in 1936, an All India Conference of Registrars of Cooperative Societies pointedly stressed the need for development of long-term credit through cooperative land mortgage banks.

7. Sahakari Samaj, op.cit., p.16.
The collapse of the movement in some provinces caused by the Great Depression led to the appointment of many special experts and Enquiry Committees in different provinces to examine the position of the movement and the fundamentals of cooperative structure with a view to reconstructing and reorganising them. The cooperative movement in India was thus passing through a phase of rectification and consolidation, cautions expansion and experiment.  

Fifth Stage (1939-1947):

The period from 1939 to 1947 was wholly connected with the World War II. The abnormal conditions created by the War led to some far-reaching developments in the cooperative movement. Between 1938-39 and 1945-46 the increases in the number of societies, number of members and the working capital were 41%, 70% and 54% respectively. The movement also covered 6% of the population and a society served 5.4 villages in 1938-39. In 1945-46 the movement covered 10% of the population and a society served 3.8 villages. The war stimulated the growth of Consumers'  

Stores and Marketing Societies. Many other societies of producers' type such as Weavers' societies, Milk supply unions, Fruit growers' and Cane growers' associations, etc. were also formed during the war period. The credit societies extended their functions and showed multipurpose potentialities. Repayment of loans was accelerated, business turnover was brisk and working capital registered a substantial increase. Thus during the war, "with a large turnover, accelerated payments and shrinkage in the overdues the societies gained in strength and vigour." 10 There was a temporary decline in the figures consequent on the partition, but the progress made subsequently was quite appreciable. For example, the Indian Union's figures for 1949-50 exceeded even the total for undivided India in 1945-46, the number of societies, membership and working capital during 1949-50 (Indian Union alone) having increased by 0.5 per cent, 37 per cent and 42 per cent respectively over 1945-46 figures (undivided India).

Another important development during this period was the appointment of a committee in 1944 (known as the Policy Committee on Agriculture, Forestry and Fisheries) with Prof. D.R. Gadgil as its chairman. The Committee

reported that cooperative developments were not uniform in the different provinces and hence they suggested the establishment of an agricultural credit corporation for each province except those where cooperation was thriving. The Cooperative Planning Committee with R.G. Saraiya as chairman, was also appointed in 1945. The Committee submitted its comprehensive report in 1946. The Cooperative Planning Committee suggested that "(i) the supply of credit touched only one aspect of the life of a cultivator, the activities of the primary societies should be so extended as to cover the whole of his life because the main causes of the limited progress of the movement was the fact that it did not, especially in its initial stages, take the life of the individual as a whole'; (ii) that primary credit societies should be reformed and reorganised as to serve as centres for the general economic development of their members; (iii) that an attempt should be made to bring 50 per cent of the villages and 30 p.c. of the rural population within the ambit of the reorganised primary societies within a period of 10 years, and (iv) that 25 p.c. of the total marketable surplus of agricultural produce of the country should come under cooperation."}


The progress of the cooperative movement during the period 1938-39 to 1945-46 can be seen from the following table.

Table No. 4.3: Progress of the Cooperative Movement (1938-39 to 1945-46).

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of societies (000)</th>
<th>No. of members (in lakhs)</th>
<th>Working capital (in ₹. crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1938-39</td>
<td>122</td>
<td>53.7</td>
<td>106.47</td>
</tr>
<tr>
<td>1939-40</td>
<td>137</td>
<td>60.8</td>
<td>107.10</td>
</tr>
<tr>
<td>1940-41</td>
<td>143</td>
<td>64.0</td>
<td>109.32</td>
</tr>
<tr>
<td>1941-42</td>
<td>145</td>
<td>67.4</td>
<td>112.42</td>
</tr>
<tr>
<td>1942-43</td>
<td>146</td>
<td>69.1</td>
<td>121.14</td>
</tr>
<tr>
<td>1943-44</td>
<td>156</td>
<td>76.9</td>
<td>132.21</td>
</tr>
<tr>
<td>1944-45</td>
<td>160</td>
<td>83.6</td>
<td>146.63</td>
</tr>
<tr>
<td>1945-46</td>
<td>172</td>
<td>91.6</td>
<td>164.00</td>
</tr>
</tbody>
</table>

Source: Same as at Table No. 4.2

In 1946-47 there were about 84 thousand primary societies in the country with a membership of 31.75 lakhs, paid up capital of ₹. 14.43 crores, deposits of ₹. 3.11 crores and working capital of ₹. 21.58 crores. These societies advanced loans to the tune of about ₹. 9.03 crores, and their non-credit business amounted to about ₹. 7.98 crores.
in the year 1946-47. The number of primary land mortgage banks also increased to 268 with a membership of 1.39 lakhs and working capital of about ₹. 4 crores. The long-term loans advanced by these banks in 1946-47 were to the tune of ₹. 66.75 lakhs, and the amount of loans outstanding stood at ₹. 3.59 crores at the end of 1946-47.13

During the period from 1904 to 1947 the cooperative movement in India, was nurtured by the erstwhile British Government and, initiative of the people in the movement was hardly forthcoming. The movement thus depended entirely on official guidance and support.

Post Independence Period:

In 1947 India attained her political independence, but economically she still remained not as a free country. The cooperative movement on the whole did not make substantial progress because of the laissez faire policy of the government on the one hand and general lack of cooperative spirit, lack of education and training among the members and severe opposition from the private agencies on the other. The movement could not thus, till recently, make an appreciable impact on the economy of the country.

The scope of the movement was also mainly confined to agricultural credit and its activities in other fields were very limited.

The Rural Banking Enquiry Committee (1949-50) while making some useful recommendations regarding agricultural credit generally suggested the formation of rural cooperative banks and expanding urban banks, central banks and provincial banks and serve the needs of most of rural areas.

The major development in the cooperative field since independence was the appointment of a Committee of Direction in 1951 by the Reserve Bank of India known as the Rural Credit Survey Committee. The Committee submitted its famous report in 1954 which revealed that in the field of rural credit, in spite of half a century of cooperative effort, the private agencies still reigned supreme and institutional agencies for credit played only an insignificant role. The cooperatives supplied only 3.5% of the total borrowings of the agriculturists, and even this little cooperative credit reached only the wealthier members of the village who own credit-worthy securities, and the needs of the poor farmers were not satisfied. Besides, large parts of the country were not covered by the cooperatives. The Committee summarised the existing
position as, "Today the agricultural credit that is supplied falls short of the right quantity, is not of the right type, does not serve the right purpose, and by the criterion of need, often fails to go to the right people." The Committee summed up its survey report in the words 'Cooperation has failed, but cooperation must succeed'.

The Survey Committee, therefore, observed, "the problem is not one of reorganisation of cooperative credit as, of the creation of new conditions in which it can operate effectively and for the benefit of the weak." The Committee recommended an Integrated Scheme of Rural Credit involving three fundamental principles, viz., (i) state participation at different levels; (ii) co-ordination of credit with other economic activities especially processing and marketing, and, (iii) administration through trained and efficient personnel responsible to the needs of the rural population.


15. Mamoria & Saksena, op.cit., p.139.
First Five Year Plan:

The First Five Year Plan recognised the cooperative form of organisation as an indispensable instrument for planned economic action in a democracy, and expressed its preference for this form of organisation in the economic life of the people especially in agriculture, marketing, processing and cottage industries and internal trade. The Plan laid down: "As an instrument of democratic planning, combining initiative, mutual benefit and social purpose, cooperation must be an essential feature of the programme for the implementation of the Five Year Plan. As it is the purpose of the Plan to change the economy of the country from an individualistic to a socially regulated and cooperative basis, its success should be judged, among other things, by the extent to which it is implemented through cooperative organisations."16

The First Plan endorsed the recommendation of the Cooperative Planning Committee to set a target of coverage of 50% of the villages and 30% of the rural population within a period of 10 years. It was envisaged that by 1955-56 the credit supplied by the cooperatives and government agencies together for agricultural production should

reach the figure of ₹135 crores per annum, ₹100 crores as short-term, ₹25 crores as medium-term and ₹10 crores as long-term loans. The loan operations of cooperatives and State governments thus increased during the Plan, but actual results were considerably short of the targets indicated in the Plan. 17

**Progress:**

The First Plan made an actual outlay of ₹5.15 crores as against a provision of ₹6.16 crores. The number of primary agricultural credit societies increased from 1.15 lakhs to 1.59 lakhs; membership increased from 51.54 lakhs to 77.91 lakhs; loans issued, from ₹22.90 crores to ₹50.16 crores, but the percentage of overdue loans to outstanding increased from 21.9 to 25.0. 18 Some progress in the field of cooperative marketing and processing was made in a few States like Bombay and Madras, but its total impact on the economy was quite insignificant. During the Plan period, a Committee for Cooperative Training was also set up for imparting training facilities to senior, intermediate and junior personnel of the cooperative institutions.

17. Ibid., p.34.
While there was significant growth in the number, resources and scale of operations of the agricultural credit societies, the inherent weaknesses of these societies such as small membership, weak capital structure, inadequate loan operations, heavy overdues, failure to harness local savings and to promote thrift, etc. still continued. Moreover, the movement was not sufficiently broad-based and arrangements for credit were not linked generally with programmes for increasing agricultural production and with schemes of cooperative marketing of agricultural produce. Consequently, there was a marked unevenness in the development of the cooperative structure in different states. Thus, on the whole, it can be said that cooperation did not contribute much towards the fulfilment of the broad objectives of the First Five Year Plan.

Second Five Year Plan:

The recommendations of the Rural Credit Survey Committee were generally approved first by the Second Indian Cooperative Congress at Patna (March, 1955) and later by the First Conference of the Ministers of Cooperation at New Delhi (1955). These recommendations were made the basis for cooperative development policy during the Second Five Year Plan, particularly in respect of
credit, marketing and processing. The Second Plan laid down, "Economic development along democratic lines offers a vast field for the application of cooperation in its infinitely varying forms. Our socialistic pattern of society implies the creation of large number of decentralised units, both in agriculture and in industry. These small units can obtain the advantages of scale and organisation mainly by coming together. The character of economic development in India, with its emphasis on social change, therefore, provides a great deal of scope for the organisation of cooperative activity. The building up of a cooperative sector as a part of the scheme of planned development is thus one of the central aims of national policy." 19

The Industrial Policy Resolution of 1956 also affirmed the role of cooperation in developing the private sector, especially for industrial and agricultural purposes, and encouraged the building up of a large and growing cooperative sector.

Besides, the Third Indian Cooperative Congress held at New Delhi in April, 1958 also recognised the importance of the cooperative sector.

Progress:

The main developments during the Second Plan period were as under:

The National Cooperative Development and Warehousing Board was established on 1st September, 1956. This Board was entrusted with the functions of planning and promoting programmes of production, marketing, storage, warehousing, export and import of agricultural produce, through a cooperative society or a warehousing corporation and providing financial assistance to the state governments and Central and State Warehousing Corporations for the purpose.

The Central Warehousing Corporation established on March 2, 1957 was able to set up 40 warehouses of 79,020 tons storage capacity. State Warehousing Corporations set up in many States could provide storage capacities of 277,877 tons in 266 warehouses. 20

Under the Reserve Bank of India Act amended in the context of the Integrated Scheme of Rural Credit, the Reserve Bank constituted two funds - the National Agricultural Credit (Long-term operations) Fund and the National

Agricultural Credit (Stabilisation) Fund with initial contributions of Rs. 10 crores and Rs. 1 crore respectively. Loans amounting to Rs. 23.66 crores were sanctioned out of the first Fund to 15 State governments to enable them to contribute to the share capital of cooperative credit institutions.

Steps were also taken to strengthen and revitalise the existing small societies and to establish new small societies. As many as 40,000 societies were brought under this programme during the Plan period. The overall progress of the movement can be seen from the following table.

Table No. 4.4 : Progress of Cooperative Movement during the Second Plan period.

<table>
<thead>
<tr>
<th></th>
<th>1955-56</th>
<th>1960-61</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. No. of societies of all types (lakhs)</td>
<td>2.40</td>
<td>3.32</td>
</tr>
<tr>
<td>2. Membership of primary societies (lakhs)</td>
<td>176</td>
<td>342</td>
</tr>
<tr>
<td>3. Share capital (Rs. crores)</td>
<td>77</td>
<td>221</td>
</tr>
<tr>
<td>4. Working capital (Rs. crores)</td>
<td>469</td>
<td>1,312</td>
</tr>
<tr>
<td>5. Loans advanced by primary societies (Rs. crores)</td>
<td>50</td>
<td>203</td>
</tr>
<tr>
<td>6. Percentage of village covered</td>
<td></td>
<td>75</td>
</tr>
<tr>
<td>7. Percentage of Rural population covered by primary credit societies</td>
<td>12</td>
<td>24</td>
</tr>
</tbody>
</table>
Table No. 4.4 (contd.)

<table>
<thead>
<tr>
<th></th>
<th>1955-56</th>
<th>1960-61</th>
</tr>
</thead>
<tbody>
<tr>
<td>8. Average loan advanced per member (Rs.)</td>
<td>64</td>
<td>119</td>
</tr>
<tr>
<td>9. Average membership per society</td>
<td>49</td>
<td>80</td>
</tr>
<tr>
<td>10. Average paid up capital per society (Rs.)</td>
<td>1051</td>
<td>2722</td>
</tr>
<tr>
<td>11. Average deposits per society (Rs.)</td>
<td>441</td>
<td>688</td>
</tr>
<tr>
<td>12. Average working capital per society (Rs.)</td>
<td>4946</td>
<td>12913</td>
</tr>
</tbody>
</table>

Source: Same as at Table No. 4.2

The above figures clearly show that significant progress was made in all directions during the Second Plan period. By and large it seems to be generally true that the programmes of reform and development implemented in the Second Plan in the field of cooperation have begun to bear fruit and have led to the strengthening of the cooperative structure and to increasing non-official participation. 21

But, so far, the base level structure of the movement remained quite weak because of the fact that, following the Rural Credit Survey Report, many primary credit societies could not attain efficiency because of their wide area of operation and large membership target.

21. Ibid., p. 147.
National Development Council Resolution on Cooperation:

The N.D.C. also discussed the problem of the development of cooperative movement and passed a resolution in the name of the National Development Council on Cooperative Policy in November, 1958. The N.D.C. Resolution emphasised the basic objective of cooperative policy as one of rebuilding the rural economy, and in particular, increasing agricultural production. The Council called for organisation of cooperatives on the basis of village community, their effective functioning as service cooperatives, universal membership and provision of adequate credit in relation to production plans, expansion of the programme of marketing, storage and processing, and of training facilities and simplification of laws and procedures.

Subsequently, a Working Group was set up with the representatives of the Government, Reserve Bank, Planning Commission and the State Bank to examine the administrative and organisational arrangements for implementation of the N.D.C. Resolution. There could, therefore, be in addition to the village multipurpose society, one or more cooperative societies in the village for "specific tasks or specific interests as also cooperative societies covering a group of villages for specific functions."22

Policy Letter of May, 1959:

The recommendations of the Working Group were considered by the Central Government and the N.D.C. In May, 1959 certain decisions were taken, on the basis of which a policy letter was issued to the States indicating the broad outlines to be followed by them in the development of cooperatives during the remaining period of the Second Plan and thereafter. The salient features of the policy letter were: (i) Cooperatives should be organised on the basis of the village community as the primary unit; (ii) Cooperatives should work as multipurpose societies; (iii) Organisation of the new and revitalising and reorganising of the existing societies should be taken up immediately; (iv) A village cooperative and a panchayat should be co-terminous to their jurisdiction; (v) Loans should be given on the basis of the purpose for which the loan was required and not on the credit worthiness of the borrower on the basis of the property he possessed; (vi) Membership should be made universal; (vii) Programme of cooperative marketing, storage and processing should be accelerated and expanded; (viii) The staff of cooperative department should be strengthened and adequate arrangement made for their training; (ix) The movement must increasingly be in the hands of non-officials; (x) Takavi loans should be channelled through cooperatives.
Mysore Conference of State Ministers of Cooperation, 1959:

The cooperative policy laid down by the N.D.C. and the Central Government was discussed at the Third Conference of State Ministers of Cooperation at Mysore and was generally accepted. The Conference made certain recommendations and in pursuance of those recommendations an expert committee on cooperative credit was set up under the chairmanship of late V.L. Mehta. This committee known as the Committee on Cooperative Credit reported in May, 1960. The Committee recommended organisation of viable societies with state participation, linking of credit with marketing, strengthening internal resources of the cooperatives through deposits, creation of special funds, adequate arrangements for training of departmental staff & effective audit and supervision. The recommendations of the Committee on Cooperative Credit (Mehta Committee) were discussed in the Conference of State Ministers of Cooperation held at Srinagar in June, 1960 and were accepted.

The Working Group on Panchayat and Cooperative, 1961, under the chairmanship of Shri S.D. Misra also suggested measures whereby cooperatives and panchayats can perform their respective roles without conflict and strengthen one another with proper coordination.
Besides, in pursuance of a recommendation made by the Fifth Conference of State Ministers of Cooperation held in Lucknow in 1963, the Committee on Cooperative Administration was set up under the chairmanship of Shri V.L. Mehta. This Committee went to study the cooperative departmental set up in the various States and suggested measures for strengthening cooperative administration in the country. The Committee also studied the question of 'Cadres' for the increasing number of cooperative institutions in different sectors of the economy.

Third Five Year Plan:

In the Third Plan cooperation was considered as a vital factor for economic growth and social stability and greater emphasis was given on diversification of cooperative activity. The Plan observed, "In a planned economy pledged to the values of socialism and democracy, cooperation should become progressively the principal basis of organisation in many branches of economic life, notably in agriculture and minor irrigation, small industry and processing, marketing, distribution, supplies, rural electrification, housing and construction, and the provision of essential amenities for local communities. Even in medium and large industries and in transport, an
increasing range of activities can be undertaken on cooperative lines.  

The main provisions or schemes of cooperative development during the Third Plan were:

(i) Rebuilding and strengthening of the cooperative credit structure. It was envisaged to cover all the villages and 60% of the agricultural population by 1965-66 by the agricultural credit movement. Cooperative credit to the tune of ₹.530 crores for short-term and medium-term and ₹.150 crores for long-term agricultural needs were to be provided for this;

(ii) Building up an efficient structure for cooperative marketing and processing and linking of credit with marketing;

(iii) Organisation of consumer stores for channellisation of essential commodities in both urban and rural areas;

(iv) Development of industrial cooperative societies;

(v) Development of other non-credit cooperatives like housing, farming, fishing, dairying, etc.;

23. Ibid., p.47.
(vi) Construction of godowns for cooperative societies;

(vii) Strengthening of the personnel of the cooperative department at various levels and making suitable arrangements for training and education in cooperation.

In short, efforts were made to develop the movement as an integrated whole during the Third Plan.

Progress:

The following table shows the progress of the cooperative movement during the Third Plan:

Table No.4.5: Progress of the Cooperative Movement during the Third Plan (as on 31-3-66).

<table>
<thead>
<tr>
<th>Type of societies</th>
<th>No. of societies</th>
<th>Membership</th>
<th>Working capital (Rs. in '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Agricultural credit societies</td>
<td>2,01,046</td>
<td>245,11,000</td>
<td>48,66,67</td>
</tr>
<tr>
<td>2. Marketing societies</td>
<td>3,234</td>
<td>21,31,279</td>
<td>60,12,90</td>
</tr>
<tr>
<td>3. Processing societies</td>
<td>1,788</td>
<td>2,49,774</td>
<td>12,02,59</td>
</tr>
<tr>
<td>4. Agricultural Production &amp; others</td>
<td>27,336</td>
<td>35,90,332</td>
<td>29,42,05</td>
</tr>
<tr>
<td>5. Non-Agricultural Credit societies</td>
<td>13,729</td>
<td>61,73,000</td>
<td>2,51,04,32</td>
</tr>
<tr>
<td>6. Weavers' societies</td>
<td>13,084</td>
<td>13,05,525</td>
<td>30,52,86</td>
</tr>
<tr>
<td>7. Industrial societies</td>
<td>2,93,459</td>
<td>10,76,110</td>
<td>27,83,55</td>
</tr>
<tr>
<td>8. Consumers' societies</td>
<td>1,23,552</td>
<td>26,09,010</td>
<td>16,23,53</td>
</tr>
</tbody>
</table>

Table No. 4.5 above shows that there was a sizeable growth of cooperatives in many spheres such as agricultural credit, marketing, processing, weavers' societies, other industrial societies, consumers societies, etc. The primary agricultural credit societies covered about 82% of the villages and about 33% of the agricultural population. In all, the short and medium-term credit supplied by these credit societies during the Plan amounted to ₹341.65 crores and that for long-term credit to ₹163.26 crores as against the targets of ₹530 crores and ₹150 crores respectively.24

Significant progress was also registered in the field of marketing and processing of agricultural produce. The value of agricultural produce marketed during 1965-66 was around ₹360 crores as against ₹175 crores in 1961-62. Besides, consumer goods worth ₹194 crores were distributed during 1965-66 as against ₹35 crores in 1961-62. The value of agricultural inputs supplied also increased to ₹120 crores in 1965-66 as against ₹40.47 crores in 1961-62. In the field of processing, 582 units were established as against the target of 783 units. Moreover, there were 78 cooperative sugar factories, 155 cotton ginning and processing societies, 329 paddy husking cooperatives, 142 rice mills, 298 oil crushing societies,

22 fruit and vegetable societies, 5,052 milk cooperatives, 2912 fishermen's societies, 4,000 labour contract & construction societies, and 9,885 housing cooperatives of various types. And, moreover, by the end of the Third Plan about 50% of the handlooms in the country were in the cooperative fold. 25

Main events during the Third Plan:

Two main events took place during the Third Plan period. One is the appointment of the Committee on Cooperative Marketing in 1964 under the chairmanship of Prof. Dantwala. This Committee sought to review the existing pattern of cooperative marketing; distribution of production requisites and supply of consumer goods by the marketing societies, and indicated the future pattern of development of the marketing cooperatives with particular reference to inter-sec relationship between the cooperative organisations at different levels and also indicated the role of cooperative marketing in the Integrated Structure of credit, supplies and processing, etc.

Another Committee known as the "Committee on Cooperation" was also appointed in 1964 under the chairmanship of Shri R.N. Mirdha. This Committee was set-up with a view to laying down the standards and criteria by which the genuineness of cooperative societies of different types might be judged and reviewing the existing cooperative laws, rules and practices to locate the loopholes which enabled the vested interests to enter the cooperative institutions, and finally to suggest measures for elimination of such vested interests, and for weeding out ungenerous societies and preventing their registration.

The main recommendations of the Committee were: prohibition of moneylenders from obtaining membership of agricultural credit societies, agricultural traders from that of marketing cooperatives, and contractors from that of labour cooperatives, and admission of workers and artisans to industrial societies, and of persons having incomes not exceeding certain prescribed ceiling to housing cooperatives, etc. The Committee emphasised that audit of cooperatives should be entrusted to an agency under the Government. It also suggested the setting-up of National Cooperative Bank as the apex bank of the entire cooperative credit structure and the flow of state and central assistance to cooperatives in a much liberal way.
Fourth Five Year Plan:

The Fourth Plan observed that "it is important for planned development to bring about growth of cooperatives in all parts of the country to ensure the coordinated operation of various types of cooperative organisation." Though the Fourth Plan should have started from 1966-67, it started only from 1969-70. Meanwhile, development was kept going in terms of annual plans from 1966-67 to 1968-69.

As regards the progress during the Annual Plans, the membership of primary agricultural credit societies at the end of June, 1968 stood at 28 millions as against a target of 40 millions, while the total short-term and medium-term credit supplied amounted to ₹428 crores as against a target of ₹500 crores, and the total long-term credit supplied amounted to ₹92 crores as against the target of ₹70 crores. The credit structure however still continued to be weak in many states of India in spite of the concerted efforts for reorganisation of the credit institutions since the Second Five Year Plan.

Therefore, the cooperative development programme during the Fourth Plan was designed to: (i) reorganise

the primary credit societies by making them viable units; (ii) rehabilitate and reorganise weak district central cooperative banks to finance primary societies; (iii) reduce overdues; (iv) strengthen the agricultural credit stabilisation funds; (v) provide trained and competent staff for supervision of primary societies; (vi) open more branches of cooperative banks in rural areas to tap more deposits; (vii) provide for Rs. 750 crores by way of short-term and medium-term credit to the cooperatives and Rs. 900 crores by way of long-term credit. Two important events took place during the Annual Plans (1966-1969) and the Fourth Five Year Plan.

First, the Indian Cooperative Congress held its fifth meeting in December, 1967 in New Delhi. The Congress emphasised the role of cooperation in planned economic development and called for an expanded role of cooperation in the Fourth Plan.

Second, in 1969 the All India Rural Credit Review Committee was set-up under the charmanship of Shri B. Venkatappiah to suggest measures for the reorganisation of rural credit structure in the country. This Review Committee, among other things, recommended the establishment of an Agricultural Credit Board in the Reserve Bank of India, the setting up of a Small Farmers' Development
Agency (SFDA) in selected districts throughout the country, creation of a Rural Electrification Corporation for the benefit of underdeveloped areas with agricultural potentials, expansion of the role of Agricultural Refinance Corporation, and adoption of various measures for ensuring timely and adequate flow of credit for agriculture.

Progress:

As per recommendation of the Review Committee, 45 SFDA\(^3\) had been set-up in selected districts to serve small farmers more effectively. Rural Electrification Corporation was also set-up in 1969 to promote and finance the rural electric cooperatives organised to take up distribution and extension of electricity in their areas of operation. 40 pilot projects were also set-up for the development of larger class of sub-marginal farmers and agricultural labourers. During the Fourth Plan period, the cooperatives continued to be the main institutional source of credit accounting for 33% and commercial banks 5.3%. The short and medium-term loans advanced by primary credit societies increased from ₹429 crores in 1967-68 to ₹486 crores in 1968-69, and long-term loans increased from ₹94 crores in 1967-68
to Rs. 129 crores in 1968-69. Significant progress was also recorded in other fields of cooperative activity.

The Standing Advisory Committee on Rural and Cooperative Credit constituted by the R.B.I. met four times during the period 1966-68 and examined the problems of Industrial Cooperative Banks, medium-term loans for agriculture and the question of appointment of Registrars of Cooperative Societies. The Banking Regulation (Cooperative Societies) Rules, 1966 framed under India’s Banking Regulations Act, 1949 necessitated every cooperative bank, to maintain in addition to its average daily balances liquid assets not less than 25% of the total of its demand and time liabilities. Though the cooperative movement showed some progress during the Fourth Plan, the progress was still uneven in different states as well as in different sectors of cooperative activity.

**Fifth Five Year Plan:**

The Fifth Plan stated: "There is no other instrument as potentially powerful and full of social purpose as the cooperative movement."

27. Ibid., p.160.

Plan were to consolidate and strengthen the net-work of agricultural cooperatives for sustained agricultural development, to make consumer cooperatives more viable, to correct regional imbalances and to focus the activities of the cooperatives more and more on small and marginal farmers and weaker sections of the society.

Progress:

In October, 1974 the Department of Civil Supplies and Cooperation was created in the Ministry of Industry and Civil Supplies with the main objective of coordinating and assisting the Union Ministry and the State Governments in their cooperative activities such as production and distribution of essential commodities and in combating inflation. In fact, one of the primary objectives of Government Policy during the Fifth Plan was not only an increase in production of essential consumer goods but also making them available to people at reasonable prices. There were thus about 66,000 cooperative retail outlets for distribution of consumer goods in both rural and urban areas. By the end of March, 1975, 87 SFDA and MEAL had identified 19,90 lakh small farmers, 21,46 lakh marginal farmers and 4,68 agricultural labourers, of which 23,28 lakhs were brought under the cooperative fold.29

In the marketing sector, the cooperative structure consisted of about 2,800 primary marketing societies covering almost all the important agricultural markets in the country with 20 State Federations and one National Agricultural Cooperative Marketing Federation. The total value of agricultural produce handled by these cooperatives increased to about ₹1,215 crores in 1974-75, and the value of foodgrains handled increased to about ₹335 crores in 1973-74. In 1974-75, the turnover of the National Federation alone stood at over ₹58 crores.\(^30\)

In the processing sector, there were so far 1,962 processing units organised on cooperative basis at the end of 1974-75, of which 1,616 units were set-up as adjuncts to marketing societies. In 1974-75, 91 cooperative sugar factories produced 20.9 lakh tonnes of sugar accounting for nearly 43.6% of the country's total production of sugar. In the field of cotton ginning and pressing the cooperatives could handle nearly 15% of the total cotton production in the country.\(^31\)

Thus the overall progress of the movement appears to be quite striking. But the real picture of development

\(^{30}\) Ibid., p.55.

\(^{31}\) Ibid., pp.55-56.
is characterised by wide regional disparities and unevenness in different sectors of the movement. So these loopholes and other variations in the movement were sought to be made up in the Sixth Five Year Plan.

**Sixth Five Year Plan:**

It was thus stated in the *Sixth Five Year Plan*:

"The non-exploitative character of cooperatives, voluntary nature of their membership, the principle of one-man one vote, decentralised decision-making, and self-imposed curbs on profits eminently qualify them as an instrument of development combining the advantages of private ownership with public good." 32

In order to enable the cooperative sector to achieve the Plan targets priorities were given towards:

(i) strengthening of primary village societies, (ii) reorienting the role of apex cooperative federations so as to enable them to effectively support a rapidly expanding and diversifying agricultural sector including horticulture, food processing, poultry, dairying, fishery, animal husbandry, sericulture etc. with credit, input supplies, marketing and other services; (iii) development

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of professional manpower; (iv) expanding the role of cooperation in public distribution system and storage and (v) expansion of processing units.

The existing cooperative policies and procedures were also examined with a view to ensuring that cooperative efforts were directed towards ameliorating the economic condition of the rural poor.

The total central plan outlay on cooperation for the Sixth Plan period was Rs.330.15 crores, and the outlay in the state and union territory sector was Rs.584.08 crores, the total public sector outlay on various schemes of cooperation being Rs.914.23 (Rs.330.15+Rs.584.08) crores.33

The overall record of progress of the cooperative movement during the Sixth Plan was quite encouraging. There were about 3.5 lakh cooperatives with about 10 crore people within their fold. They disbursed Rs.2,253 crores of agricultural credit in 1981-82 alone (as compared with Rs.214 crores in 1960-61), accounting for more than 40% of the total credit requirements in the country. The value of agricultural produce marketed by the cooperatives also increased from Rs.160 crores in 1960-61 to Rs.2,100 crs.

33. Ibid., p.177.
in 1981-82. Besides, the cooperatives had also distributed consumer goods in rural areas worth Rs. 800 crores. There were also 2399 organised cooperative agricultural processing units out of which 1968 have since been installed. Fertilizers worth more than Rs. 1130 crores accounting for more than 46% of the total fertilizer consumption in the country had also been distributed through cooperative societies during the Plan period.

The cooperative sugar factories had also produced a little more than 45.58 lakh tonnes of sugar accounting for about 55% of the total sugar production in the country. Over and above these, the cooperatives could also market 28% of wheat, 31% of cotton, 40% of jute and 22% of paddy produced in the country.

Summing up:

The Preamble, the Directive Principles of State Policy (Articles 42 and 48) as also the various Plan Documents have enjoined on the Central and State Governments to provide an environment wherein cooperatives are fully imbued in the realm of social policy. Besides, the Revised 20-Point Economic Programme announced by our

34. Goel, B.B., Cooperative Management and Administration
Deep & Deep Publications, Delhi, 1984, p.43.
Prime Minister on January 14, 1982 specifically aimed at promoting a strong consumer protection movement. The National Development Council also, in its meeting held on March 14, 1982 expressed its determination to effectively implement the new Programme which forms an integral part of the Sixth Five Year Plan. The 9th Indian Cooperative Congress held in April, 1982 also deliberated on the theme, "Towards a Self-Reliant Cooperative Movement and New 20-Point Programme". A careful study of the new 20-point programme in relation to the objectives of cooperative development shows that the cooperatives are directly concerned with as many as 14 points out of the 20 points of the programme. To help implement the programme, the N.C.U.I. as the Chief Spokesman of the Indian Cooperative Movement, prepared the following action programme for adoption by the cooperatives throughout the country :-

(a) Creating awareness among members and the public.

(b) Convening meetings/conferences/seminars/workshops/to widely discuss the programme.

(c) Taking steps for improving organisational productivity.

(d) Organising irrigation cooperatives for harnessing irrigation potential.
(e) Encouraging farmer members to produce more of pulses and oilseeds.

(f) Adopting villages for integrated rural development.

(g) Improving organisational serviceability for providing credit and other inputs to farmers particularly small and marginal farmers; artisans; handicrafts; handloom weavers, etc.

(h) Organising cooperative farming societies on surplus land released through ceilings.

(i) impressing on farmer members to pay minimum wages to agricultural labourers employed by them.

(j) Organising labour contract cooperative societies for the bonded labour.

(k) Organising and strengthening LAMPS in tribal areas and cooperatives for scheduled castes.

(l) Developing drinking water facilities in the villages out of the utilisation of common good fund.

(m) Organising housing cooperatives both in rural and urban areas, particularly for the economically weak.

(n) Organising and strengthening rural electricity cooperatives.
(o) Improving members to undertake afforestation, social and farm forestry.

(p) Advancing loans for setting-up bio-gas plants.

(q) Educating members in planned parent-hood population education and family welfare.

(r) Organising cooperative hospitals.

(s) Strengthening women education programme particularly in regard to child welfare, maternity, nutrition, balanced diet, etc.

(t) Organising adult-education and literacy programmes.

(u) Involving village and consumer cooperatives in distribution of essential commodities.

(v) Simplifying procedures for availing of financial and other assistance.

(w) Organising campaigns for domestic savings.

Many cooperative organisations in the country have also prepared their own action Programmes corresponding to the above mentioned action programme suitable to their local conditions.
With the completion of the Sixth Five Year Plan the Cooperative Movement in India also marked the completion of 80 years. The overall record of progress of the Movement during the Sixth Plan period was quite encouraging. The Movement has undoubtedly developed well in some States like Maharashtra, Gujarat, Tamil Nadu and Karnataka. But it is still in its infancy stage in the remaining States. The coverage of the rural population by the cooperatives for the country as a whole was only 36% in 1969-70. It varied from 56% in Tamil Nadu to 89% in Maharashtra, and 64% in Punjab; while it was less than 25% in Assam, Bihar, and West Bengal. At present the coverage of the rural population by cooperatives has increased to 45%, but the progress in different parts of the country still continues to be uneven. It cannot, therefore, be denied that the movement in India still suffers from the state of being uneven and unbalanced.

From the nature of their development, the areas of cooperative development may broadly be classified into three categories:— (i) Cooperatively developed States such as Maharashtra and Gujarat; (ii) States where cooperatives have made some progress but have yet to develop more such as Haryana, Kerala, U.P. and Madhya Pradesh; and (iii) States where cooperatives are quite weak and require revamping such as Assam, Bihar, Orissa, West
Bengal and Rajasthan. The eastern States - Manipur, Meghalaya, Tripura, Nagaland, Mizoram and, of late, Arunachal Pradesh fall under the third category with the least rates of growth. Special programmes of co-operative development are, therefore, necessary for these States in addition to the normal development programmes in the Central and State sectors.

Though cooperatives have been regarded as an indispensable instrument of planned economic action in a democracy and the third emerging sector of the country's mixed economy, there has not been as yet an independent ministry of cooperation. A division in the name of "Cooperation Division" was set-up in 1955 in the Ministry of Food and Agriculture. It was upgraded to the status of Department of Cooperation on December 31, 1958, and then, in subsequent years, it has been bunched with a number of Ministries. At present, it is only one of the 25 Divisions in the Department of Agriculture and Cooperation. Though the Department of Agriculture and Cooperation carries out all the activities relating to agricultural sector, there is no unified agency to take care of the remaining sectors of cooperation. The Cooperation Division is thus not in a position to deal with effectively all the hindrances and contingencies and exigencies standing in the way of smooth development of the movement.
The need of the hour is, therefore, setting up of an independent Ministry of Cooperation which would be responsible for all matters relating to cooperatives and cooperative movement in India. This view has also been expressed by the Working Group on Cooperation and various Cooperative Congresses. The various functional inadequacies, structural deficiencies and other developmental drawbacks responsible for the weakness of the cooperative movement may be well chalked out and then reformative measures taken to check the unhealthy and unbalanced growth of the movement.
PART - 2

MAJOR ISSUES OF COOPERATIVE MOVEMENT IN MANIPUR