Chapter - II

Co-operative Movement
Co-Operative Movement:

Man is a social being. Co-operation is quite natural among human beings in all aspects of living, thinking and working together. The principle of co-operation is as old as human society. According to E.R. Bowen "Co-operation is the universal instrument of creation". The techniques of co-operation can be traced in the writings of ancient philosopher such as Plato and even today they stand good as found in the theories of modern scholars and thinkers.

In the modern technical sense, the genesis of co-operative movement and its applications in the economic field can be traced after industrial revolution which took place in England during the latter half of the 18th and the former half of the 19th century. Co-operation is developed against capitalism and irrational in equity - the bane of capitalism. Edwing.Nourse has stated "the movement grew out of the circumstances of industrial revolution and was a creation against early abuses or atleast reqours of the capitalistic industrial system." Poor people felt it as price advantage, economists as a new incentive to efficiency and the utopian socialists as a method of developing a completely new society.

According to the co-operative enterprise school "A co-operative institution is a voluntary association of independent economic units, organised, capitalised and run by, and for its members, providing and / or marketing goods and services on cost to cost basis to their members. In the words of 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".

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3 H. Calvert, Law and principle of cooperation.
Holyoake defined co-operation as "a voluntary concert with equitable participation and control among all concerned in any enterprise". According to Herrick, it is "the act of poor persons voluntarily united for utilising reciprocally their own forces, resources, or both, under their mutual management to their common profit or loss". C.R. Fay asserts that, "co-operation is an association for the purpose of joint trading among the weak and conducted always in an unselfish spirit on such terms that all who are prepared to assume the duties of membership may share its rewards in proportion to the degree in which they make use of their association".

Dr. R. Philips regards a co-operative organisation as "an economic institution", which, as we know is not wholly true. He says, "the co-operative association is an association of firms or households for business purposes - an economic institution through which economic activity is conducted in the pursuit of economic objectives". Dr. E.M. Hough says that, "co-operation may be defined simply as voluntary association in a joint undertaking for mutual benefit".

According to Dr. Mladenatz, co-operative enterprises are "associations of persons, small producers or consumers who come together voluntarily to achieve some purpose by reciprocal exchange of services through an economic enterprise working at their own risk and with resources to which all contribute."

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4 Herrick, Rural credit, P. 247
5 C.R. Fay, co-operation at home and Abroad P.5
Mr. Watkins defines co-operation as "a system of social organisation based on the principles of unity, economy, democracy, equity and liberty."

According to Seligman, "co-operation in its technical sense means the abandonment of competition in distribution and production and the elimination of middlemen of all kinds."

In the words of Anotoine Antoni, "a co-operative is an association of persons pursuing aims of social, economic and educational character and forming for their attainment an enterprise which operates in accordance with the principles of democracy and collective ownership."

March of The Movement

The co-operative movement that came into light in Europe has been spreading throughout the world. Dr. Fanquen writes "co-operation is more widely distributed geographically than any other modern form of organisation. In 1937, there were 8,10,000 co-operative societies of various types in 103 countries of the world. These societies had a membership of more than 143 million. It would correspond to something like 30% of all the families in the world. Since 1937, this movement has grown by leaps and bounds throughout the world.

Today co-operatives are the most important type of the voluntary organisation all over the world. In some countries, they are principal form of organisation in agriculture, marketing and supply, provision of credit and distribution of consumer goods. In Scandinavian countries all milk and livestock for slaughters are marketed through farmers cooperatives. In Finland, admittedly a care country par excellence, the total volume of business transacted in local co-operatives of all kinds. In Germany the share of

\[7\] A. Antoni, 'The workers production movement P.95.
co-operatives in cereals, marketing and processing is significant. Co-operatives also playing vital role in the supply of milk, wine products, vegetable marketing, supply of seeds and fertilisers and also in the distribution of pesticides and animal feeding stuff. In Belgium, the role of cooperatives in Diary, distribution of fruits and vegetables as well as disbursement of credit is notable. In France, co-operatives play a useful role in collection of wheat and coarse grains, handling of fruits and vegetables and production of wool. In Italy, co-operatives handle milk processing, fruits and vegetables, supply of agricultural requisites, seeds and fertilisers and even farm machinery.

In Israel, the Economic enterprises are run by the co-operatives. It is estimated that nearly 28% of the national economy is organised in the manner co-operative. In Japan, virtually every farmer is a member of a local multipurpose co-operative. Atleast half of all the agricultural production marketed through the co-operative network and 30% of total saving deposits from agriculture are placed in co-operative institutions In India, the development of co-operative movement has been spectacular. The movement now covers about 98% of all villages and 62% of the total rural population.

Significance

Co-operation as an instrument for removing disparities in the distribution of wealth has proved very effective, because profits earned by the societies are distributed among all the members not on the basis of capital invested by them but on the basis of use they have
made of the society. Co-operation plays a very crucial role in the social development of a nation. It improves the standard of living of the people by providing them proper education and training and inculcating among them a spirit for co-operation. Co-operatives can contribute to reduction of the disparities of wealth. Co-operatives can also help to reduce the chains of intermediaries between producers and consumers and can facilitate a broad-based ownership of means of production. Co-operation can coordinate the activities of producers and consumers. Co-operative societies can also be organised for people living in backward areas or belonging to the socially underprivileged sections in the society. People can get employment through various projects, planned and executed by these societies and hence the activities of labour, capital, organisation and enterprise can properly be co-ordinated.

**Characteristics of Co-operative Enterprise**

1) Co-operative enterprise is an association of persons not an impersonal grouping of capital like joint stock company. The co-operatives need capital but the emphasis is on persons involved and not on capital they contribute.

2) Undertaking is not a charitable association. It is run by members themselves of their own expense and at their own risk.
3) It is a Voluntary Organisation. No one is coerced to join a society against his will.

4) It is a Democratic Organisation. It is governed on the basis of democratic principles. Every member has only one vote and no more irrespective of the number of shares held by him.

5) The key note is service and not profit. It is motivated by a spirit of service. Its whole business mechanism is geared towards the provision of economical service.

6) The Basis is Equality. Within its membership relations between person and person are governed by a rule of equality.

7) It is Based on Proportionality or Equity. The surplus is distributed not according to shareholders but according to proportion of business operation a member has effected with the society.

8) It is a Socio Economic-Movement. The co-operative movement aims at bringing about revolutionary changes in the social and economic structure by peaceful means.

9) At the Service of Both the Members and of the Community. The basic objective of co-operative undertaking is not only serve its members but also to serve the community as a whole.

10) It is a universal movement. It is found in all the countries of the world.

11) It is a movement whose watch word is action.

12) It is an autonomous body based on the principle of democracy.
Scope of Co-operative Organisation

The development of co-operative organisation so far has been among smaller economic units. Starting with small primary units co-operatives later developed into huge organisations like C.W.S. in U.K. and K.F. in Sweden. Although co-operative organisations have extended in several fields of economic activity still it is limited to a few fields. Trading in specialised goods may not easily come within co-operative business. When a society becomes rich, co-operation does not appear to have much to offer. Co-operation has enormous scope where weak economic units predominate. As in our country there are large number of small units in agricultural business, vast numbers of small industrial enterprises, artisans, labourers and consumer units. The scope of extension of co-operative business would be limited to the extent of mutuality in the business. co-operatives may not be present in the working of a complex business with divergent interests.

D.R. Gadgil opined that in this context "complex, integrated systems of public utilities catering for the generality of the public are not appropriate for co-operative form of business. In the same fashion, in the activities like mining and manufacturing co-operatives could not be established".

Benefits of Co-operatives

The following are the advantages of co-operative organisation9.

1) priority is given to the satisfaction of human needs instead of greed profits.

2) There exists a more equitable distribution of wealth.

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9 Casselman. P.H., The co-operative movement and some of its problems 1953, P.153.
3) Monopolies and trusts which operate at the expense of the consumer become null and void.

4) Adequate increase of workmen's purchasing power and real wages are the real benefits. People can have better goods for their money.

5) There can be reduction in cost of distribution system.

6) Persons can experience the rejection of accounting in accuracies by encouraging frankness in business.

7) Employment can be stabilised.

8) People can be trained to spend wisely.

9) There can be fair treatment of all labour and general improvement in employer-employee relations.

**Origin and Development of Co-operative Movement in India**

The Indian co-operative movement, like its counterpart in other countries of the world has been essentially a child of distress. It has emerged out of that turmoil and dissatisfaction which prevailed during the last quarter of the 19th century and worked as a direct consequence of the industrial revolution. This was initiated in India with the passing of the "co-operative credit societies act, 1904". This act provided for the establishment of credit societies both in rural and urban areas, for providing credit facilities at cheap rates to smallmen living in the same locality.

Rural societies were to be organised on the Raiffeises model while the urban societies were to be established on the schulze delitzsch pattern. The modern co-operative movement in India, thus, may be said to have started with the passing of this
The history of the origin and growth of the co-operative movement in India can be divided into the following periods:

1) From 1904 to 1911
2) From 1912 to 1918
3) From 1919 to 1929
4) From 1930 to 1938
5) From 1939 to 1946
6) From 1947 onwards.

First stage (i.e., from 1904 to 1911)

The characteristic features of this period were the Act of 1904 and the legal recognition, to the co-operative societies that were in existence. The salient features of the Act of 1904 were as under -

1) Any 10 persons living in the same area could form a co-operative society for the encouragement of thrift and self-help among the members.

2) The chief objectives of a society would be to raise funds by deposits from members as well as loans from non-members, government and other co-operative societies and to distribute these funds as loans to members, or to other co-operative credit societies with the permission of the registrar.

3) The co-operative credit societies in each province were to be under the control and administration of the registrar of co-operative societies.

4) The rural societies were to be organised on the basis of limited liability.
5) Dividends were not to be paid to the members & the surplus funds were to be deposited in the reserve fund in rural societies no dividend would be paid to members in case of urban societies.

6) Loans could be advanced only to the members.

7) Credit societies were to be exempted from the payment of fees and taxes.

The progress of co-operative movement during this period is shown in the following table:

Table 2.1

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Societies</th>
<th>No. of members (thousands)</th>
<th>Working Capital in Lakhs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1906-07</td>
<td>843</td>
<td>90.84</td>
<td>23.72</td>
</tr>
<tr>
<td>1907-08</td>
<td>1,357</td>
<td>149.16</td>
<td>44.14</td>
</tr>
<tr>
<td>1908-09</td>
<td>1,963</td>
<td>180.34</td>
<td>82.32</td>
</tr>
<tr>
<td>1909-10</td>
<td>3,428</td>
<td>224.40</td>
<td>124.68</td>
</tr>
<tr>
<td>1910-11</td>
<td>5,321</td>
<td>305.06</td>
<td>203.05</td>
</tr>
</tbody>
</table>

1912 to 1918

During this period, the chief provisions of the act of 1912 were:

a) Any society which aimed at the promotion of economic interests of its members could now be established.

b) Local governments were permitted to use their discretion in making rules and bye-laws of the societies.

c) Liability of central societies was to be limited. While that of the members of rural credit societies was to be unlimited.
d) The term co-operative could not be used as part of the title unless it was already doing the business under that name before the commencement of the act.

The movement gained rapid progress and the number of societies increased to 25,192 with 11 lakh members and 760,09 lakhs as working capital. The progress of co-operative movement during this period is shown in the following table:

**Table 2.2**

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Societies</th>
<th>No. of members (thousands)</th>
<th>Working Capital in Lakhs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1911-12</td>
<td>8.177</td>
<td>4.7</td>
<td>335.70</td>
</tr>
<tr>
<td>17-18</td>
<td>25.192</td>
<td>10.9</td>
<td>760.09</td>
</tr>
</tbody>
</table>

1919 to 1929

In this period the Royal commission on agriculture suggested the organisation of co-operatives for the development of agriculture. The central and provincial banking enquiry committee also made suggestions for the improvement of working of co-operative societies. The movement continued to make rapid progress. During this period the number of credit societies reached 87,991 with 30,04,000 members and Rs. 32.38 crore as working capital. This period was characterised as a period of indiscriminate and unplanned expansion.
1930 to 1938

The most significant features of this period were great depression and the establishment of RBI in 1935. The depression hit hard the movement. In Bihar, Orissa and Bengal the movement nearly collapsed. Several central banks were closed and many societies were wound up. A number of committees were appointed to suggest the ways and means for the reconstruction of the movement. Further expansion of the movement was stopped and steps were taken to consolidate the position. During this period the number of societies came down to 122000 with 53.7 lakhs members and Rs. 106.47 crore of working capital.

1939 to 1946

During this period the farmers gained much and they paid off their debts. The deposits of the societies increased and the demand for fresh loans was low. Consequently many banks faced with a problem of surplus funds. With the introduction of controls and food rationing, a number of consumer co-operative stores were established. During this period the number of societies increased from 122000 in 1938-39 to 172000 in 1945-46. The membership and working capital had significant increase from 53.7 lakh to 91.6 lakh and 106.47 crore to 164 crore respectively. The progress of co-operative movement during this period is shown in the following table:
Table 2.3

Progress of co-operative movement from 1938 to 1946

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Societies</th>
<th>No. of members (thousands)</th>
<th>Working Capital in Lakhs</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>117.42</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>

During this period the co-operative movement made rapid progress as a result of the second world war. In India the movement did not make much hard way before I world war. During the period few stores were started in Madras and Bombay. After II world war it gained importance. How rapid the progress had been of these stores in India during the II world war and post war period can be seen here under:

Table 2.4

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of society</th>
<th>Membership</th>
<th>Annual Sales (Lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>39-40</td>
<td>408</td>
<td>16</td>
<td>57</td>
</tr>
<tr>
<td>44-45</td>
<td>3,539</td>
<td>66</td>
<td>2000</td>
</tr>
<tr>
<td>50-57</td>
<td>9,757</td>
<td>1845</td>
<td>8187</td>
</tr>
</tbody>
</table>
Causes for Slow Growth before Independence

The co-operative form of organisation has to face not merely the competition but also in large degree the positive opposition of a powerful array of non-co-operative private industrialists and investors\textsuperscript{10}. The co-operative movement could not achieve much success before independence on account of the following reasons.

1) Lack of knowledge in co-operative principles.
2) Lack of careful selection of members.
3) Lack of effective supervision and inspection
4) Lack of effective management.
5) Lack of education and inadequacy of training.
6) Lack of co-operation between various co-operative institutions.
7) Higher overdues.
8) Unlimited liability of societies.
9) Uneconomic holdings.
10) Inadequate transport and storage facilities.

Development in Five Year Plans

India gained freedom on August 15, 1947. The partition of the country resulted into communal riots and blood shed and led to mass migration from one dominion to another. A large no. of problems cropped up and the movement passed through a difficult period.

\textsuperscript{10} All India rural credit survey committee report Vol II 1984 P. 332
First Plan

The first five year plan recognised co-operation as an "instrument of planned economic action in democracy", suitable to the requirement of the government for implementing the development plans particularly for agriculturists and the weaker sections of the community. Therefore the government provided active financial, administrative and legislative assistance to the movement at various levels. The first five year plan stated "as it is the purpose of the plan to change the economy of the country from an individualistic to social and co-operative basis, its success should be judged among other things, by the extent to which it is implemented through co-operative organisations".

Second Plan

1) The same approach was maintained in the second five year plan and building up a co-operative sector as a part of the scheme of planned development was recognised as one of the central aims of the national policy.

2) In line with this, emphasis was laid on integrated scheme of rural credit, which visualised a large-sized multi-purpose agricultural credit society at the village level meeting all the needs of the farming community relating to better farming, better business and better living. The second five-year plan further called for organisation of supporting services eg. processing, storage, dairying, etc. on co-operative lines.
Third Plan

The third plan emphasized the need for a rapid growing co-operative sector with special emphasis on the needs of the peasant, the worker and the consumer as a vital factor for stability, expansion of employment opportunities and rapid economic development. Based on this approach, a comprehensive economic plan for diversification of co-operative activity in various sectors was chalked out.

Fourth Plan

1) The fourth five-year plan outlined the approach to co-operative development: to ensure that the opportunity before co-operatives was as large and varied as they can utilise.

2) The fourth five-year plan envisaged greater use of co-operatives for the development of small and marginal farmers and the weaker sections of the community.

Fifth Plan

1) The fifth five-year plan also recognised co-operatives as an important institutional frame-work to ameliorate the conditions of weaker sections, particularly in providing inputs and working as an important limb of national public distribution system.

2) The main thrust had been on strengthening primary level agricultural co-operatives, so as to enable them in meeting the composite needs of their members.
3) Strengthening consumer co-operatives as an important link in the overall national public distribution system, removal of regional imbalances in the co-operatives growth and development of professionalised co-operative management at various levels through proper demarcation of functions, powers and responsibilities between the chief executive and the board of directors and improving personnel management policy of co-operatives and strengthening programmes.

**Sixth Plan**

The approach to the plan envisages that co-operatives being grass-root organisations providing the institutional mechanism for growth, would be strengthened to mobilise maximum participation of the people in the management of economic activity particularly with regard to availability of resources for development of weaker sections, while assisting the government in creating a strong and comprehensive public distribution system oriented to the requirements of the weaker sections of the community.

**Classification of Co-operative Societies**

Since its inception the co-operative movement has diversified its activities and has multiplied in forms. Various attempts have been made to classify the different types of co-operative societies. The main classification are

From the functional point of view the societies are classified as (1) Productive
(2) Auxiliary.

From legal point of view the societies have been classified into unregistered and registered.
According to the level of operation there are two classifications. In the first classification societies have been divided into primary, secondary, tertiary and apex. In the second classification there are local, regional, national, supra-national or inter national co-operative societies.

According to the sector of the economy the societies are engaged in: a) agriculture; b) small industries; c) retail and wholesale trade; and d) service trade.

According to the economic status of the members the co-operative societies are classified into; a) producers, i.e. farmers, traders, and craftsmen; b) consumers; and c) workers.

Apart from these general classification, professor C.R. Fay has given the following classification: (i) co-operative banks or credit societies; (ii) co-operative agricultural societies; (iii) co-operative workers societies; and (iv) co-operative stores.

Professor Nash has classified co-operative societies in to three groups namely: (a) resource societies; (b) production societies; and (c) consumers societies.

The Reserve Bank of India has adopted a very elaborate classification as under: (a) co-operative banking structure; (b) co-operative agriculture; (c) co-operative marketing and; (d) consumers' stores, housing societies, workers co-operatives, women's co-operatives, disabled persons co-operative societies and insurance co-operatives.
Consumer Co-operative Society

A consumer co-operative society is one which is organised by consumers with a view to avoiding or reducing the middlemen's profit in the retail price.

Nature of Consumer Co-operatives

Consumer co-operatives are organized voluntarily for procuring goods in bulk from the production centres and distribute them to their members at fair prices. It is to avoid middlemen and to confer various benefits to consumers. They buy the goods of good quality in bulk and supply to the members at reasonable prices. They earn profits only for successful functioning and survival of their business operations for the benefit of the consumers. Any profit earned over and above their essential needs is paid back to the members as patronage rebate.

Origin of Consumer Co-operatives

Robert owen believes that human happiness is determined by human character. He opined that changing the conditions means changing the character. Hence he aimed at changing the human character through the establishment of co-operative communities. Although a number of co-operatives were established, they failed to have a lasting effect. Here, after a long time the idealism and vision of Rockdale Pioneers gave it a shape and a character of the movement.

Consumer co-operatives have emerged in several parts of the world as part of the general co-operative movement. In India basically they are based on the example set by the Rockdale Pioneers. A foundation was laid down for the consumer co-operative movement.

\[\text{Batra, J.D. Indian Consumer Co-operation, National Development Co-operative Development, March 1977 P.11}\]
by the twenty eighth Rockdale Pioneers in Manchester in England in the year 1844. Since then consumer co-operatives developed all over the world and occupied an important place in the national economy of various countries. They played a very important role to hold the price line of consumer essential goods. The system set by the Rockdale Pioneers was spread and all the consumer co-operatives in the world followed the method of buying the goods in bulk and distributing them on cash at reasonable prices. They declared bonus also against the purchases made by the consumers at the end of the year. It brought about a revolution in the purchase and sale of articles without any profit. The motto was only service to the consumer. The co-operative wholesale society is a parent consumer organization to the other district and primary consumer stores in England. This society is engaged in the production of flour, sugar, textile, tea and other consumer goods with the sole aim of benefiting its members.

The co-operative movement was started in Madras in our country in the name of “The Triplicane Urban Co-operative Society Limited” in 1904, in accordance with the co-operative Credit Societies Act 1904. It is also aimed to supply essential commodities to its member consumers. The importance of these consumer co-operative societies was understood well in India and they are started in cities and towns on British Model. Keeping in view the values and usefulness of co-operative societies, the Government of India has given them financial and other supports for their development during its various plan periods.
Structure of Consumer Co-operatives

In India consumer co-operatives have a four-tier structure as follows

1) The primary consumer co-operatives along with their branches at grass root level.

2) Whole sale/ Central consumer stores with branches at district/ taluk level

3) The state consumer federation at state level and

4) National co-operative consumer federation of India Limited at National level.

Large sized Agricultural Multi purpose Co-operative Societies (LAMPS) and/or Primary Agricultural Credit Societies (PACS) at the retail level have undertaken the distribution in rural areas.

Principles of Consumer’s Co-operatives

The Principles of consumer’s Co-operation which are practiced by Rockdale Pioneers will be the model for the co-operative societies, which are published by them in the booklet “Purpose and Aims” and “Rules and Methods”. The following are the purposes and aims mentioned by them.

1) The objects and plans of this society are to form arrangements for the pecuniary benefits and improvement of the social and domestic conditions of its members by raising sufficient amount of capital in shares of one pound each, to bring into operation certain plans and arrangements.

2) The establishment of stock for the sale of provisions and clothing etc;

3) To build, purchase or erect houses for the members;
4) To manufacture such articles as the society may determine upon for the employment of members who may be without employment or who may be suffering from the inconvenience of repeated reduction in their wages;

5) As a further benefit and security to the members, the society would purchase or sell an estate or estates of land, which would be cultivated by the unemployed or badly remunerated members;

6) The society would arrange powers for production, distribution, education etc. so that a self-supporting home colony of united investment may be established.

7) For the promotion of society, a temperance hotel could be opened in one of the society’s houses.

Certain rules which are adopted to achieve the objectives laid down by the pioneers are incorporated in their book of rules. These rules are quoted in the book “Co-operation by Hall and Haptins”. They are mentioned here.

1) To sell goods at prevailing local prices

2) Restriction to fixed rate of interest on the capital – this interest to have first claim upon the profits.

3) The distribution of profits (after meeting expenses and interest charges) in proportion to purchases

4) No Credit – all purchases and sales to be paid for in cash

5) Both sexes to have equality in membership rights

6) Each member to have one vote and no more

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12 Hall, F. and Watkins, W.P. Co-operation, Manchester – 4, P.87
7) Regular and frequent meetings to be held for the discussion of the society's business and receiving suggestions for improving the society's welfare and

8) Accounts to be properly kept and audited and balance sheets to be regularly presented to the members.

On the basis of these rules and methods, subsequent writers on co-operation arranged them in a more systematic order and termed them as Rockdale Principles of co-operation using a more suitable terminology. They are cited here.


The world body on co-operation, i.e. the International Co-operative Alliance (ICA) laid down some universal Principles to guide the movement in the world following the Rockdale Rule of action and other Principles suggested by different writers on co-operation.

Due to the failure of co-operative societies and slow progress of the movement in India, well-defined principles of cooperation which are applicable to Indian conditions, were felt needed. This matter was referred to the committee on "Co-operation" constituted under the chairmanship of "Ram Nivas Mirdha" in 1964, known as the Mirdha Committee on co-operation. After a careful consideration of the seven Rockdale Principles which were adopted by International Cooperation Alliance, the committee recommended that the first four principles should be regarded as basic to the co-operative movement and the other three should be regarded as desirable. The Principles enumerated in this report are:

i) Open Membership, ii) Democratic Control, iii) Distribution of surplus to members in proportion to their transactions, iv) Limited interest on capital, v) Political and religious neutrality, vi) Cash trading, vii) Promotion of education.

It has been stated that "There is no particular quality, virtue or magic in co-operation, which will enable it to succeed without the application of sound business principles". To compete with the private trade, the consumer co-operatives should follow scientific business principles which are enumerated by the Rockdale Pioneers. To these must be added two more; viz, 1) Correct weighment 2) Pure quality of goods

Crawling Progress of Co-operatives

A great scope and a bright future have been imagined, incorporating some methods for consumer co-operatives. But unfortunately, it has been observed that the progress of cooperatives is very low and slow. It was not up to the mark of envisaged. The following are the main reasons for the crawling progress of cooperatives. They are by the Natesan committee which setup by Government of Andhra Pradesh on consumer cooperatives also attributed some specific causes for the slow progress of consumer cooperatives¹⁴. They are (1) Weak Organisational Structure (2) Small and Un economic size (3) Inadequacy of funds and proportionate heavy working cost (4) Lack of loyalty on the part of members (5) Dependence, to a large extent, on controlled commodities only (6) Want of popular and selfless leadership (7) Lack of properly trained and competent staff and inadequate supervision over personnel (8) Absence of a strong wholesale or centralized agency for bulk procurement

There are some more reasons for the crawling progress of co-operatives

➢ Small size of the societies

Lack of loyalty and commitment on the part of the members

Lack of effective secondary organizations, especially at the national level

Fierce competition from the private retailers on a/c of low margins on which they operates

Operation of societies on traditional methods not entirely dissimilar to those of private retailers

Lack of member education and
Lack of training arrangements, especially in distribution business.

Advantages of Consumers Stores

Some of the outstanding advantages of the consumers stores are:

1) Co-operative consumers stores supply various goods to their members at reasonable rates.

2) The small profit on goods sold is calculated to meet unforeseen losses and strengthen their funds and the surplus, whatever, is paid back to the members in the form of dividends and rebates on purchases.

3) The purity, proper weight and quality of goods sold by the stores for a given price are ensured as the goods are supplied mostly to the members.

4) In the long run, the stores aim at manufacturing their goods enabling further reduction in the cost an improvement in quality.

5) As the general body of the members exercises supreme authority in the co-operative stores, the policy regarding the distribution of goods and fixation of price to the common advantage of all is influenced by the members.

6) The stores are significant means of providing education in democracy and community life and are immensely helpful in the provision of useful services in different fields.