

CHAPTER II

HISTORY AND GROWTH OF CO-OPERATIVE MOVEMENT

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CHAPTER II

HISTORY AND GROWTH OF CO-OPERATIVE MOVEMENT

2.1 INTRODUCTION

✓ In this chapter an attempt has been made to trace the historical development of co-operative movement in India and Maharashtra. This chapter also includes the movement of co-operative marketing in India and Maharashtra.

2.2 HISTORY & GROWTH OF CO-OPERATIVE MOVEMENT IN INDIA

A) During Pre-independence Period

"Co-operation is not, in any way new to India. It has been known and practised in this country since time immemorial. In ancient India, it took four principal forms : Kula, grama, sreni and jati" ¹.

Historically speaking, kula was the first form of co-operative activity that emerged in Indian Society. It was both a political and socio-economic organisation in which kinsmen, friends and relatives worked co-operatively to promote their economic, social and political interests. With the expansion and stabilisation of society, the aspects of economic and social

co-operation gradually narrowed to the limits of joint family; which has survived to the present day.

Co-operation at the level of grama, emerged after kula became a stabilised unit. The Grama Sabha was a co-operative organisation which undertook works for the economic and social progress of the village.

The sreni is a later development which emerged in the post-vedic era. It was a co-operative and economic organisation of artisans, industrial and handicraft workers, merchants, traders, bankers, agriculturists, house-builders, workers in construction job and building contractors.

Co-operation at the level of jati was mostly for social purposes as education, charity and relief work, but when a particular occupation, craft or trade became associated with a particular caste, the system evolved a pattern in which co-operation became an important aspect of the economic activities of the community.

An old system of raising money in South India known as Chit Funds and Nidhis, the bunda system in Vidarbha, the Phad system in Kolhapur and Gonchi system in Andhra are other systems of organised efforts at mutual-help and co-operation. "Thus, in

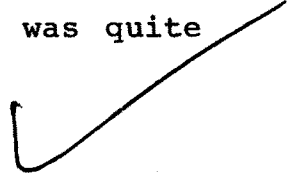
primitive society co-operation had become an integral part of man's life; it was inherent in society itself" ².

Co-operative movement in India was introduced as a state policy and owes its origin to the enactment of Co-operative Societies Act, 1904. During the last more than 80 years of its existence, the movement has passed through various stages of development and has seen many many ups and downs. The Act of 1904 provided for the organisation of primary credit societies and stress was laid on the promotion of agricultural credit only. In 1912, there were 8,177 co-operative societies, with a membership of over 4 lakh and working capital of Rs. 335.7 lakh had been organised.

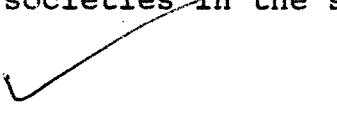
The Act of 1904 provided for the registration of the primary credit societies only. The classification of societies into rural and urban was found to be unscientific and inconvenient. A new Act was therefore, passed in 1912 which removed the defects of the Act of 1904. This Act gave a great stimulus to the co-operative movement. After 1912, there was a rapid growth not only in the number of co-operative credit societies but also in non-agricultural credit societies and in their membership.

In 1919, there were 28,000 societies with 11 lakh members and Rs. 15 crores as working capital. This progress can said to be quite rapid, though the qualitative aspect was not very bright.

Under the Reforms Act of 1919, co-operation became a transferred subject, under the charge of a minister, in each state. During the early years, co-operation made a rapid progress in various states. Bombay gave a lead by passing a special Act in 1925. Various states appointed commissions of inquiry to judge the progress of the movement. The commission brought out strong as well as weak points in the movement. Expansion of the movement till 1929, was quite satisfactory.



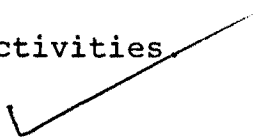
"In 1929, the world economic depression set in and gave the movement a rude shock. Owing to the large percentage of credit societies, funds with the movement were invested in loans to agriculturists. With a fall in prices, the mill stone of debt came from the back of the cultivator with a much heavier weight in his neck. Thus, the overdues in the societies mounted up and liquidation of societies had to be resorted to in certain areas. In Punjab, the Haryana area was the worst affected. Liquidation of societies and recoveries through the process of law were carried out to the great disrepute of the movement. In Bombay, as many as 15,000 cases were referred to arbitration. By 1937-38, about 93 percent of loans became overdue. The number of societies in the state which stood at 5,896 in 1930-31, came



down to 4,837 in 1935-36. In Uttar Pradesh, more than 50 percent of the societies went in liquidation during this period" ³.

The peculiar conditions created by the second global war, gave a tonic injection to the co-operative movement. From 1939 onwards, prices began to rise, as a result of which the movement got a good fillip. As a result of high prices most of the overdues, which accumulated during the period of depression, were cleared off. Overdues fell by 60 percent during this period. Demand for further loan also decreased significantly. So much so that the co-operative banks, including the land mortgage banks were faced with the problems of surplus funds. Deposits in primary societies also increased from Rs. 25 crores in 1939-40 to Rs. 54 crores in 1945-46.

Control Period :- Due to the imposition of controls on the distribution of commodities, distributive co-operatives began to be organised all over the country. There was a marked growth of marketing societies also. Thus, co-operative movement, which was almost entirely a credit movement so far, started diversifying its activities.



An important landmark of this period was the setting up of the co-operative planning committee, which drew up plans for the development of co-operative movement in various spheres.

The Table 2.1 shows the all India progress of co-operative movement in India since 1906-07 to 1945-46.

TABLE 2.1

PROGRESS OF CO-OPERATIVE MOVEMENT IN INDIA

YEAR	NO. OF SOCIETIES	NO. OF MEMBERS (in lakhs)	WORKING CAPITAL (Rs. in lakhs)
✓ 1906 - 07	843	0.91	23.72
1911 - 12	8,177	4.03	54.84
1917 - 18	25,192	10.90	760.09
1929 - 30	1,04,187	41.82	895.17
1938 - 39	1,22,000	53.70	1,064.70
1945 - 46	1,72,000	91.60	1,640.00

SOURCE : Reserve Bank of India : Statistical Statements relating to co-operative movement in India for various years and Review of the Co-operative Movement in India for 1939-46 ⁴.

The chief features of co-operative movement before independence were :

- (a) Co-operative movement was sponsored by the Govt. It was not a spontaneous growth but a Govt. policy;
- (b) It was largely confined to credit, while non-credit movement was largely confined to consumer co-operatives;
- (c) Though officially sponsored, it developed without much financial aid from Govt. and hence, it had a limited progress;
- (d) The growth of the movement was highly uneven. It was largely confined to former Bombay State, Madras and Punjab;
- (e) The growth of the movement was haphazard. There was hardly any co-ordination between its various branches such as credit and marketing or between consumers and marketing societies.

B) Post-Independence Period

✓ India gained freedom on August 15, 1947. The partition of the country resulted into communal riots and led to mass migration from one dominion to another. A number of problems cropped up

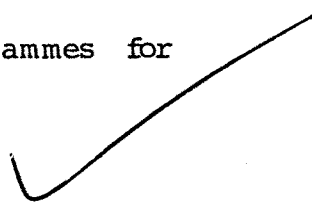
and the movement passed through a difficult period. The progress was however, maintained. The state continued associating economic development of the country.

An important role was assigned to co-operative organisations in the First Five Year Plan. The planning commission emphasised the co-ordination of the activities of village panchayats and the co-operatives. Another important event of this period was the publication of the report of the Committee of Direction of the All India Rural Credit Survey in 1954. The committee was appointed by the Reserve Bank of India in 1951 under the chairmanship of Shri. A. D. Gorwala. The committee laid great stress on the development of co-operative marketing and the function of constructing godowns to the marketing societies. These recommendations were accepted by the Government of India.

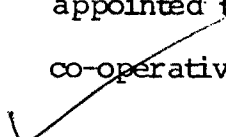
One of the chief objectives of the Second Five Year Plan was the building up of the cooperative sector. The outlay for this purpose was Rs. 57 crores as against 7.11 crores during the First Plan. Accordingly, massive plans for the development of the co-operatives were drawn up within the framework of the Second Five Year plan. These included the establishment of multi-purpose and multi-village co-operatives, agricultural marketing, processing and warehousing co-operatives, co-operative training centres at national, regional and state levels and emphasis on co-operative

farming. Further, co-operation was assigned an important role in the community development in India. Another important event of this period was the adoption of the resolution for agrarian economy, by the Indian National Congress in its Nagpur Session in January, 1959. This resolution envisaged the reorganisation of the agrarian economy on co-operative lines.

But the most amazing incident of this period was the shift in the policy of the Government under the influence of the National Development Council in 1958. The policy and programmes for co-operative development were radically changed.



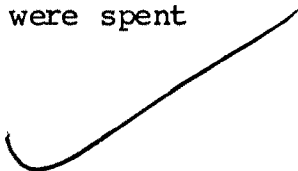
"The Third Five Year Plan also recognised co-operation as a powerful instrument of effecting improvements in the economic life of the people with a view to strengthening the establishment of a socialistic and democratic administration in the country" ⁵. During the plan period emphasis was given to the expansion of the primary societies and their membership, establishment of more marketing societies and constructions of new godowns at the mandi centres, setting up of processing factories in commodities like Cotton, Jute, oil, groundnut, fruits etc. Special attention was also given to co-operative training programmes. A study team on co-operative training under the chairmanship of Shri. S. D. Mishra was appointed to look into the adequacy of the existing arrangements for co-operative education and training and to suggest measures for



improvement. In pursuance of the recommendations of this committee the work of co-operative training was transferred to the National Co-operative Union of India and State Union.

In 1964, the Government of India appointed two committees, one on co-operative marketing under the chairmanship of Prof. M. L. Dantwala and the other on co-operation under the chairmanship of Shri. R. N. Mirdha. Both these committees made important recommendations on the basis of which the co-operative policy for the Fourth Plan was formulated.


"After the Third Five Year Plan, co-operative movement made headway under the annual plans. In 1966-67, Rs. 33.5 crores, in 1967-68, Rs. 36.3 crores and in 1968-69 Rs. 34 crores were spent in this field" ⁶.



During the Fourth Plan period, the targets set were achieved in number of items but in a number of items the targets could not be achieved. In the field of co-operative credit the problem of higher overdues, could not be solved. In the field of co-operative marketing, it was expected that the societies would exceed the target of handling Rs. 900 crores worth of agricultural produce. In respect of the distribution of chemical fertilizers there was, however, a considerable short-fall and fertilizers worth Rs. 350 crores could be distributed against the target of 650 crores

and the share of the co-operative movement in the fertilizer trade remained static at 60 percent. In consumer co-operation also, the performance of the movement was not satisfactory. "The Fourth Plan aimed at a rapid economic development or growth with equality and social justice" ⁷. A bright future of the co-operatives was visualised by the plan.

The draft of Fifth Five Year Plan states "co-operation is eminently suited to bring about the desired socio-economic changes in the context of the existing conditions in the country. There is no other instrument as potentially powerful and full of social purpose as the co-operative movement". According to the document, four objectives were set for co-operative department, viz., i) to strengthen the network of agricultural co-operatives so as to serve as the principal instrument to sustain the process of agricultural development; ii) to build up a viable consumer co-operative movement so that it may function as an important element in a consumer - oriented distribution system; iii) to correct regional imbalances in a co-operative development especially in the field of agricultural credit; iv) to make special efforts for restructuring and reorienting the co-operatives to the benefit of small and marginal farmers and other underdeveloped and under-privileged sections of the community. The programme of co-operative training and education continued during the Fifth Plan period. The Table 2.2 shows the progress of all types of co-operatives from 1960-61 to



1975-76 under main heads.

TABLE 2.2

PROGRESS OF ALL TYPES OF CO-OPERATIVES

ITEM	YEAR		
	1960-61	1968-69	1975-76
No. of Societies (lakhs)	3.32	3.30	3.10
Membership of Primary Societies (crores)	3.42	5.70	7.24
Share Capital (crores)	221.57	663.00	1367.00
Working Capital (crores)	1312.99	4089.00	12146.00

SOURCE : Theory, History and Practice of Co-operation,
R. D. Bedi, p. 217.
Principles, Problems and Prospects of
Co-operative Administration, S. L. Goel and
B. B. Goel, p. 94.

From the above table it is clear that there were 3,10,000 at the end of March, 1976 with Rs. 1,367 crores as share capital and Rs. 12,146 as working capital. There was remarkable increment in the amount of working capital from 1960-61 to 1975-76.

As regards the progress in the field of agricultural processing is concerned, at the end of March 1977, the number of agro-based units, so organised, had risen to 2204.

In 1978-79, there were 1.16 lakh primary agricultural credit societies with a membership of 5.18 crores. The number of borrowing members was about 37 percent of the total membership. "In nominal value terms, agricultural produce marketed by the co-operatives has risen from Rs. 11,000 crores in the terminal year of the Fourth Plan to Rs. 1750 crores at the end of 1979-80. During 1978-79, sugarcane followed by foodgrains and cotton constituted the bulk of the value of agricultural produce marketed by co-operative system. Bulk of the turnover is accounted for by only five states of Punjab, Harayana, Kerala, Madhya Pradesh and Uttar Pradesh" ⁸.

The progress made under the various co-operative programmes during the Sixth Plan period presents a mixed picture. A major development in the field of credit during the Sixth Plan period was setting up a National Bank for Agriculture and Rural Development (NABARD) in July 1982. In 1982-83, there were 94,089 primary agricultural credit societies with a membership of 63.5 millions. Their working capital stood at Rs. 4,841 crores as on June 30, 1983.

The share of the co-operatives in the total fertilizers distribution has shown a marginal increase from 46 percent in 1979-80 to 47 percent in 1984-85. "The value of agricultural produce marketed by co-operatives was of the order of Rs. 1,750 crores on the eve of the Sixth Plan, is reported to have increased to Rs. 2,700 crores by the end of 1984-85" ⁹.

The Sixth Plan laid great emphasis on the development of professional manpower and appropriate cadres to man the managerial posts and for this purpose, recommended intensification of co-operative education and training programmes. 5165 senior level personnel and 38,137 intermediate personnel received training in the Vaikunth Mehta National Institute of Co-operative Management. The progress in the accomplishment of the Sixth Plan targets in respect of important co-operative programmes given in Table 2.3.

Strategy for the Seventh Plan states that the major thrust during the Seventh Year Plan would be to ensure adequate flow to the weaker sections of the population and to less developed areas. Steps would be taken for the integration of short term and long term credit in a phased manner. It is envisaged that by the end of Seventh Plan period the co-operatives, would undertake the retail sale of fertilizers to the extent of 8.3 million tonnes, with their

TABLE 2.3

PROGRESS OF CO-OPERATIVE PROGRAMME (Sixth Plan)

PROGRAMME	BASE LEVEL 1979-80	TARGET 1984-85	ACTUAL * 1984-85
1) Short term loans (Rs crores)	1300	2500	2500
2) Medium term loans (Rs crore)	125	240	250
3) Long term loans (Rs crores)	275	555	500
4) Value of Agri. Produce mkted. through Co-op. (Rs crores)	1750	2500	2700
5) Retail sale of fertilizers through Co-operatives			
a) Quantity (MT)	2.35	4.50	3.63
b) Values (Rs crores)	900	1600	1500
6) Value of consumer goods distributed in rural areas (Rs crores)	800	2000	1400
7) Retail sale of consumer goods in urban areas (Rs crores)	800	1600	1400
8) Capacity of co-op. godowns (MT)	4.70	8.20	8
9) Co-op. sugar factories (No.)	142	185	185
10) Co-op. Spinning mills (No.)	62	80	90
11) Cold storage installed (No.)	125	275	185

* Estimated figures

SOURCE : VIIth Five Year Plan : 1985-90, Vol. 2,
Govt. of India, Planning Commission, p. 25.

share in the overall distribution of fertilizers rising from 47 percent in 1984-85 to 55 percent in 1989-90.

Considering the dimension of storage problems in rural areas and to meet the growing needs and challenges of the food production and distribution fronts, it is envisaged that during the Seventh Plan period an additional storage capacity of 2 million tonnes would be created in the co-operative sector. Out of about 94,000 primary agricultural credit societies, about 4,000 societies have been equipped with their own godowns. During the Seventh Plan period efforts would be made to provide the remaining societies with godown facilities. It is proposed to increase the number of department stores from 330 at the end of Sixth Plan to 430 by the end of Seventh Plan. The co-operative training and education programme would be intensified and increased. The capacity of the Vaikunth Mehta Institute of Co-operative Management is proposed to be increased from the present level of 5,000 to 6,000 in the Seventh Plan. The number of junior co-operative training centres is proposed to be raised to 150 by the end of the Seventh Plan from the existing 83 centres. Similarly, the training output of co-operative colleges located in the different states would be increased to 51,800 in the Seventh Plan against 38,000 in the Sixth Plan.

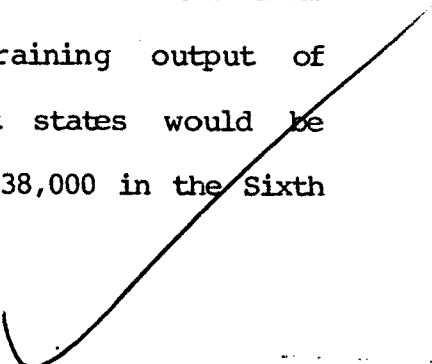
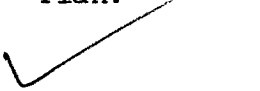


Table 2.4 below shows the position of cooperatives in India as on June 1988.

TABLE 2.4

POSITION OF CO-OPERATIVES IN INDIA *

SR. NO.	ITEM	A	B	C
1	Number of societies	1,20,416	2,27,740	3,48,156
2	Membership (in lakhs)	1,109	395	1,504
3	Paid-up Capital (Rs crores)	3,013	1,863	4,876
	a) Of which from Govt.	460	NA	NA
4	Working Capital (Rs crores)	43,235	10,646	53,881

* Provisional Figures

- NOTE :
- i) A = All credit societies
 - ii) B = All non-credit societies
 - iii) C = Total societies (A + B)

SOURCE : Co-operative Movement At A Glance In Maharashtra - 1989, p. 6.

2.3

GROWTH & DEVELOPMENT OF CO-OPERATIVE IN MAHARASHTRA

Maharashtra is one of the major states in India. It is the third largest state in area and in population. The degree of

urbanisation in the state is more than the rest of the country. Maharashtra ranks second in the net area sown and third in the gross cropped area accounting for 13 percent and 11 percent respectively. It has higher land-man ratio and the per capita net sown and gross cropped area is 0.32 and 0.34 hectares, as against 0.23 and 0.28 hectares respectively for the country as a whole. Net sown and gross cropped area per agricultural worker in Maharashtra is similarly larger at 1.22 and 1.32 hectares (1978-79) compared with 0.97 and 1.9 hectares for India. However, the productivity of land in Maharashtra is low. Hardly 10 percent of the net area sown and 12 percent of the gross cropped area in the state is irrigated (1977-78) as against the all India percentages of 26 and 27 respectively. As such agriculture in the state is essential dependent on the monsoon. Moreover, large tracts in the state fall in the rain-shadow area. The average Maharashtra cultivator is typically a small cultivator, whose productivity is low. Poverty in the state is wide-spread, both in urban and rural areas. "Irrigation in the dry and drought prone regions of Maharashtra is mainly sugarcane centred" ¹⁰.

"Nearly 39 percent of the State's population are workers. Amongst the total workers, 60.67 percent are engaged in agriculture and allied activities viz., as cultivators and agricultural labourers. The household manufacturing industry accounts for 3.14

percent, while the remaining 35.23 percent workers are engaged in other activities like manufacturing industry, trade, transport and services" ¹¹

"Maharashtra has factory workers' and salary earners' societies with a substantial working capital and members' deposits" ¹².

Growth of Co-operative Movement

✓ The growth of the co-operative movement in Maharashtra and the supportive measures that were adopted to promote and regulate it from time to time are marked by certain well defined stages of evolution. These stages can be divided into six stages as under :

✓ Pre-co-operative State (1870-1903) :- This was marked with the Deccan Agriculturists' Relief Act, the Land Improvement Loan Act 1883 and the Nickolson Report.

✓ The Initial Stage (1904-1911) :- From the Co-operative Act 1904 to the creation of the Bombay Central Co-operative Bank.

✓ The Evolution Stage (1912-1924) :- After the Co-operative Act of 1912, the movement passed through a new phase

of reorganisation :

Formation of co-operative financing agencies, formulation of co-operative educational schemes, and organisation of non-credit societies.

The Stagnation Stage (1925-1947) :- The enactment in 1925 of the Bombay Co-operative Societies Act widened the scope of the movement in the Bombay Province both horizontally and vertically. The year 1930 saw a birth of the Bombay Co-operative Insurance Society and setting up of the Co-operative Land Mortgage Bank, for undertaking long term financing for redemption of debts, land improvement and the purchase of land. The percentage of non-agricultural credit societies to the total number of non-agricultural societies increased from 27 percent to 49 percent, by 1945-46. The consumers co-operative also made substantial progress. From 25 consumer societies during 1938-39, the figure shot upto 465 during 1945-46. There was also marked progress in the marketing as well as in the industrial co-operatives.

The Growth Stage (1948-1961) :- There was alround progress in the co-operative movement in the Bombay State during the two decades after the country attained independence. The movement diversified vertically and horizontally in the rural sector. The areas where sugarcane was grown underwent radical change.

The membership drive was extended to backward areas, especially those which were merged with the state after independence. The increase in the share capital to a significant extent, was due to state partnership. The Pravaranagar Sugar Co-operative inspired the growers of cane, not only to start similar co-operatives with the help of the Government, but to make sacrifice in the short run in order to fully own them and use them as a nucleus for socio-economic rural transformation.

In Kolhapur District, the cane-growers themselves built local dams on rivers and organised lift irrigation co-operatives, which is as impressive achievement as anywhere else in India. A proper environment thus, created for co-operative effort in raising production and productivity. This was also a period of emergence of rural leadership through the co-operative channel. The Government on its part did not impose its will on the movement. It was also a period when institutional infrastructure was strengthened and foundation laid for diversification of co-operative activity later. Table 2.5 indicates the progress made during the period 1955-56 to 1965-66.

Diversification Stage (1962 onwards) :- The growth of membership and working capital during the decade 1962 to 1972, rose at an annual average rate of 12.7 percent and 43.8 percent respectively. The non-agricultural sector showed greater growth

TABLE 2.5

**PRIMARY AGRICULTURAL CREDIT SOCIETIES & MULTIPURPOSE
CO-OPERATIVE SOCIETIES IN OLD BOMBAY STATE & MAHARASHTRA**

ITEM	POSITION AT THE END OF		
	1955-56	1960-61	1965-66
No. of societies	17,359	18,998	20,035
No. of Members (in '000)	1,131	1,827	2,744
Paidup Share Capital (Rs in lakh)	513	1,212	2,905
Deposits (Rs in lakh)	117	99	241
Working Capital (Rs in lakh)	2,116	5,668	13,026
Loan Advances (Rs in lakh)	1,547	4,036	7,599

SOURCE : In Search of Co-operative Excellence, The
Maharashtra State Co-operative Bank Ltd.,
Bombay, 1987, p. 172.

than the agricultural sector; the state with less than 10 percent of
the country's area and population claimed a share of 23.7 percent
in the working capital of all co-operatives in the country.

The decade between 1970-80, was primarily a decade of change and tension - political, social and economic. This was also the period when amendments were made to the Co-operative Societies Act to meet the emerging challenges. These amendments mainly related to management problems in co-operatives, settlement of disputes and strengthening the hands of the Registrar to ensure proper working of societies. This was also the time for introducing appropriate legislative measures to take care of the welfare of the scheduled castes and scheduled tribes.

During the period 1971-81, there has been an impressive growth in the number of co-operatives, their operations, their share in the total economic activities, their coverage of villages and population in the state.

Maharashtra's Seventh Five Year Plan visualises a total expenditure of over Rs. 10,000 crores. Out of this, about Rs. 1,200 crores are to be spent on co-operation. There is considerable emphasis on strengthening the credit structure at district level and below. The total Seventh Plan outlay for credit societies will amount to Rs. 6 crores and 79 lakhs. On the marketing side a provision of Rs. 5 crores has been made under the Centrally Sponsored Scheme for Rural Godowns. The co-operative movement should also undertake pioneering responsibilities in

horticulture and irrigation development as well as fisheries in co-operatively backward areas like Konkan. The pattern of expenditure visualised at the state does not appear fully adequate to meeting new challenges. The sugar sector in Maharashtra requires heavy investment for effective by-product development.

Table 2.6 shows trends in the co-operatives in Maharashtra State.

TABLE 2.6

TREND OF CO-OPERATIVES IN MAHARASHTRA STATE

ITEM	1971	1981	1986	1988	1989 *
Total Societies	42,603	60,747	79,291	87,676	92,507
Total Members	86	148	201	221	230
Paidup Share Capital	238	600	1091	1238	1377
of which Govt.	39	105	251	260	266
Owned Funds	345	1207	2307	2590	2755
Deposits	315	1939	5044	6690	6870
Working Capital	1490	5210	11051	15164	16700
Loans Advanced	348	1116	2739	4251	4850

NOTE : 1) Rs. in crores 2) Membership in lakhs

3) * - Provisional figures

SOURCE : Co-operative Movement At A Glance in Maharashtra
1989, p. 4.

By the end of June 1988, there were 87,676 co-operative societies in Maharashtra State. Out of these 26,914 were credit societies and 60,762 were non-credit societies.

2.4 CO-OPERATIVE MARKETING IN INDIA

"Co-operative marketing forms an essential part of the integrated scheme of rural credit. The success of the co-operative credit programme depends to a very large extent on the development of marketing societies as they can serve as the channel for the recovery of cultivation loans given by agricultural credit societies" ¹³.

The first co-operative marketing society in India was set up in 1915 at Hubli. From that date onwards, the number of marketing societies has on the increase from 31 in 1921, there number reached 142 in 1942-43.

In the post-war period in 1945, the co-operative planning committee had recommended that, within 10 years, 25 percent of the total annual markatable surpluses of agricultural produce should be sold through the co-operative organisations and for this purpose, a marketing society should be organised at each of the 2000 mandies in the country. In 1951, when the All India Rural Credit Survey



was carried out, the position in regard to co-operative marketing was found to be extremely unsatisfactory.

By the end of June 1950, there were 6,907 primary marketing societies having membership of about 13 lakhs. The value of goods sold by these societies amounted to Rs. 25 crores.

During the First Plan, the co-operative movement was accorded considerable importance. However, in respect of co-operative marketing no specific targets were formulated for its expansion. The Dantwala Committee on co-operative marketing has stated : "During most of the First Plan period, co-operative marketing continued to remain more or less a neglected field". The value of agricultural produce marketed by all co-operatives during the year 1955-56 was thus, only 53 crores.

Second Plan placed considerable emphasis on the development of co-operative marketing. During the Second Plan apex marketing societies were set up in all the states except in Jammu and Kashmir. A National Agricultural Co-operative Marketing Federation was also set up to promote inter-state trade and to co-ordinate the activities of apex marketing societies. By the end of Second Plan there were 24 apex marketing societies and 3108 primary marketing societies in the country. The

co-operatives handled agricultural produce worth Rs. 174 crores at the end of Second Plan period.

During the Third Plan, the main task was to strengthen the marketing structure and also to set up marketing societies in area not covered during the Second Plan. In this plan period, 452 additional primary societies were organised as state partners. The total number of such societies was 2,321 at the end of June 1966.

Co-operative marketing did not make significant progress in the early years of the Fourth Plan. However, in the latter half of the plan, the pace of co-operative marketing of agricultural produce increased considerably. The co-operatives handled agricultural produce worth Rs. 1,110 crores in 1973-74.

The main emphasis in the Fifth Plan in the sphere of co-operative agricultural marketing was on the consolidation and strengthening of existing societies. By the end of 1976-77, there were 3,370 co-operative marketing societies. The membership of these co-operatives was 33.49 lakhs. The total working capital, on 30th June 1977 was Rs. 311 crores. In nominal value terms, agricultural produce marketed by the co-operatives has risen from Rs. 1,100 crores in the terminal year of the Fourth Plan to Rs. 1,750 crores at the end of 1979-80. One of the constraints in

the development of agricultural marketing societies was the weak financial base at the primary level. These also suffered from lack of suitable personnel for such commercial operations.

The Central Sector Scheme for strengthening NAFED and other federations and the centrally sponsored scheme for the development of co-operative marketing, processing, storage, etc., in underdeveloped states was continued during the Sixth Plan. The value of agricultural produce marketed by co-operatives was increased to Rs. 2,700 crores by the end of 1984-85. The development of agricultural co-operative marketing, however, was very uneven among different states. The agricultural produce marketed per hectare ranged from Rs. 8 crores in Rajasthan to Rs. 509 crores in Maharashtra. The six states of Gujarat, Harayana, Karnataka, Maharashtra, Punjab and Uttar Pradesh contributed 81 percent of the overall achievement. "In 1983 about 1,000 primary marketing co-operatives had business between Rs. 5 lakhs to Rs. 10 lakhs. Fifty percent of these co-operatives were in profits and 30 percent in losses. Government percentage in share capital was as high as 80 percent"¹⁴. The Seventh Plan also aims at strengthening the primary marketing societies and making their activities broad-based. By the end of June 1984, there were 3,632 Primary Marketing Societies, 172 District Level Marketing Societies and 29 State Level Marketing Societies. The Table 2.7 shows the

value of agricultural produce marketed by the co-operatives in the period 1968-69 to 1985-86.

TABLE 2.7

VALUE OF AGRICULTURAL PRODUCE MARKETED BY CO-OPERATIVES

(Rs. in crores)

STATE	1968-69	1984-85	1985-86
Gujarat	57.20	404.93	286.36
Maharashtra	168.66	1331.35	2323.22
Punjab	76.12	233.84	274.38
Uttar Pradesh	145.64	223.74	448.39
Karnataka	26.37	209.51	164.49
Other States	144.47	628.88	696.71
TOTAL	588.46	3032.25	4193.36

SOURCE : National Co-operative Development Corporation
Annual Report, 1985-86 15.

From the above table, it is clear that the five states viz., Maharashtra, Gujarat, Punjab, Uttar Pradesh and Karnataka contributed major portion of the overall values of agricultural produce marketed by co-operatives.

2.5 CO-OPERATIVE MARKETING IN MAHARASHTRA

✓ Maharashtra is one of the co-operatively developed states in India. Its achievements have a national significance in the sphere of marketing agriculture produce by co-operatives. By the end of June 1987, there were 672 primary agricultural marketing societies with 5,83,300 members and Rs. 1,223 lakhs as share capital. In terms of business, the goods handled by the co-operative marketing sector in India were valued Rs. 2,300 in India. This consisted of Rs. 650 crores in foodgrains, Rs. 630 crores in sugarcane and Rs. 1,020 crores in cash crops. 75 percent of this business was found to be concentrated in the state of Maharashtra. The Table 2.8 shows the progress of primary marketing societies and District Marketing Societies in the State of Maharashtra.

From the Table 2.8, it is clear that, though Maharashtra is a co-operatively developed state, about 40 percent of marketing societies are running in losses. In Maharashtra, the main agricultural commodities handled by the marketing co-operatives are foodgrains, jaggery, cotton and oil seeds. Nearly two-third of the business of marketing societies is confined with the supply of agricultural requisites and consumer goods and one-third of the business of societies is related with the sale of agricultural

TABLE 2.8

PROGRESS OF PRIMARY & DISTRICT MARKETING SOCIETIES IN MAHARASHTRA (1961-1988)

ITEM	1961	1971	1981	1985	1987	1988 *
1) Societies	343	409	417	514	697	779
2) Membership	1,401	2,811	4,701	5,800	6,693	6,770
3) Share Capital Total	131	640	878	1,210	1,482	1,550
Of which Govt. Share	50	406	437	740	806	820
4) Sale (Value)						
a) Agricultural Produce	1,742	6,301	10,773	19,000	15,917	16,300
b) Agricultural Requisites	968	4,849	18,243	26,000	24,469	25,050
Of which Fertilizers	756	3,599	14,019	20,000	19,097	19,000
c) Consumer Goods	952	5,174	11,627	15,000	16,145	16,480
5) Amount of Profit	19	97	248	210	292	310
6) Societies in Loss	73	129	92	170	187	191
7) Amount of Loss	2	29	52	193	151	155

NOTE : i) Rs. in lakhs ii) Members in hundreds iii) * Provisional

SOURCE : 1) In Search of Co-operative Excellence, Maharashtra State Co-op. Bank Ltd., Bombay 1987, p. 279.

2) Co-operative Movement At A Glance In Maharashtra State - 1988, p. 57-58

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produce. Thus, the business methods of marketing co-operatives are not satisfactory. They have failed to provide adequate marketing services to farmers.

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