

CHAPTER - II

HISTORY & DEVELOPMENT OF COOPERATIVE  
MOVEMENT IN INDIA

- \* THE COOPERATIVE MOVEMENT
- \* PRINCIPLES OF COOPERATION
- \* THE INTERNATIONAL CO-OPERATIVE ALLIANCE -1966
- \* CLASSIFICATION OF CO-OPERATIVES IN INDIA  
( CHART )



## 2:1 THE COOPERATIVE MOVEMENT

Co-operative movement is a world wide movement which protects and promotes the interests of various groups like producers and consumers. The movement is challenge for capitalistic and socialistic economies which has created its cooperativistic economy, based on cooperative principles. It combines initiative mutual benefits and it can be applied in different field of economic life viz: agriculture, industry, processing, marketing, distribution, supplies transport and housing. A rapid growing cooperative sector becomes a dominant factor for social security and for rapid economic.

H. Clavert has defined a cooperation as " A form of an organisation in which persons voluntarily associate together as human being on the basis of equality for the promotion of the economic interest of themselves."

The above definition indicates that co-operation is the form of an enterprise which aims to do efficient business and co-operation means working together. It serves as an organisational instrument for the economically weaker producers, farmers, artisans and consumers for strengthening themselves and protecting themselves against the stronger exploitation.

In India, " The practice of combining for the mutual supply of money has been in existence as ' Chit Fund ' in Southern India, chiefly in the Malabar and Tirnelvely districts in Madras, state, long before the introduction of co-operative

legislation in India. Combination of cultivators of residing in the same village or group of villages technically known as 'Fad' These are known to have existed since a long time for the purpose of cultivating a commercial crop like sugarcane in Kolhapur district and surrounding part of the Bombay State. <sup>2</sup>

In India, since last 25 years co-operative have entered in a big way in various spheres of economic activities including credit, marketing and processing. Today sugar co-operatives are no more merely tiny village level organisation, these are playing dominant role in the area of operation, state and country as a whole.

At present, co-operative movement marches tremendously. It has covered 93% of villages 38% of the total rural population.

The co-operative movement has good features which are as follows :

1) It is an association of persons run by members themselves by investing their own money at their risk. No doubt it requires capital but the emphasis is on man, not on capital he contributes. " In economic co-operation it is men that counts, not money." <sup>3</sup>

2) It is a voluntary organisation.

3) It is a democratic organisation. The principle of ' One man one vote ' is accepted by this organisation.

4) There is service motto rather than profit.

5) Equality - Under this organisation all persons possess equal rights.

6) It is socio-economic movement which is highly based on all round development of the members and society as a whole.

7) It provides service to members and community as a whole.

## 2:2 PRINCIPLES OF CO-OPERATION:

The co-operative movement is a system of undertaking economic or social activity by group of people for satisfaction of their common economic and social needs and in doing so, observe a set of rules and practices as are inter-nationally accepted. Generally these rules are known as co-operative principles.

G. Miadenatz, the historian of co-operative ideas, has classified cooperatives into the three systems;

1. Rochdale principles were adopted to consumer cooperatives.
2. Raiffeisen principles were adopted to farmers and independent artisans or traders.
3. Schulze-Delitzsch principles were adopted to the credit for traders.

## THE INTERNATIONAL COOPERATIVE ALLIANCE -1966

In 1934, The International Co-operative Alliance appointed a committee to adopt new technique of organisation in co-operation. But the report of this committee was unrealistic and unsatisfactory. So the new committee was appointed under the chairmanship of Dr.D.G.Karve. The following are the principles of International co-operative Alliance -1966.

1. Open and voluntary membership
2. Democratic administration.
3. Self help and mutual help

4. Principle of service.
5. Distribution of surplus.
6. Political and religious neutrality.
7. Principle of a education.
8. Co-operation among co-operatives.

1) VOLUNTARY ASSOCIATION:

There is no compulsion on anybody to join a cooperative society. There should not be political or religious discrimination concern to membership.

In this respect Mr. P.R. Dubhashi has said that society should refuse the entry of bad character people, whose interest is to destroy the society.

2) DEMOCRATIC ORGANISATION:

The society should be managed by elected body. There should be equal rights to all members of the society. e.g. one man one vote. It will encourage to the society for self government.

3) SHARE CAPITAL:

There should be fixed interest rate on a share capital. In the words of the Lambert " Co-operatives do not pay interest on capital of any sense of fairness or in order to encourage savings but solely out of necessity."

The main purpose of limited interest is to protect the non-profit character of the co-operative because there is possibility of profit maximization motive of the co-operative organisation if the organisation pay high rate of interest on share capital. So there should be fixed rate of interest on share capital.

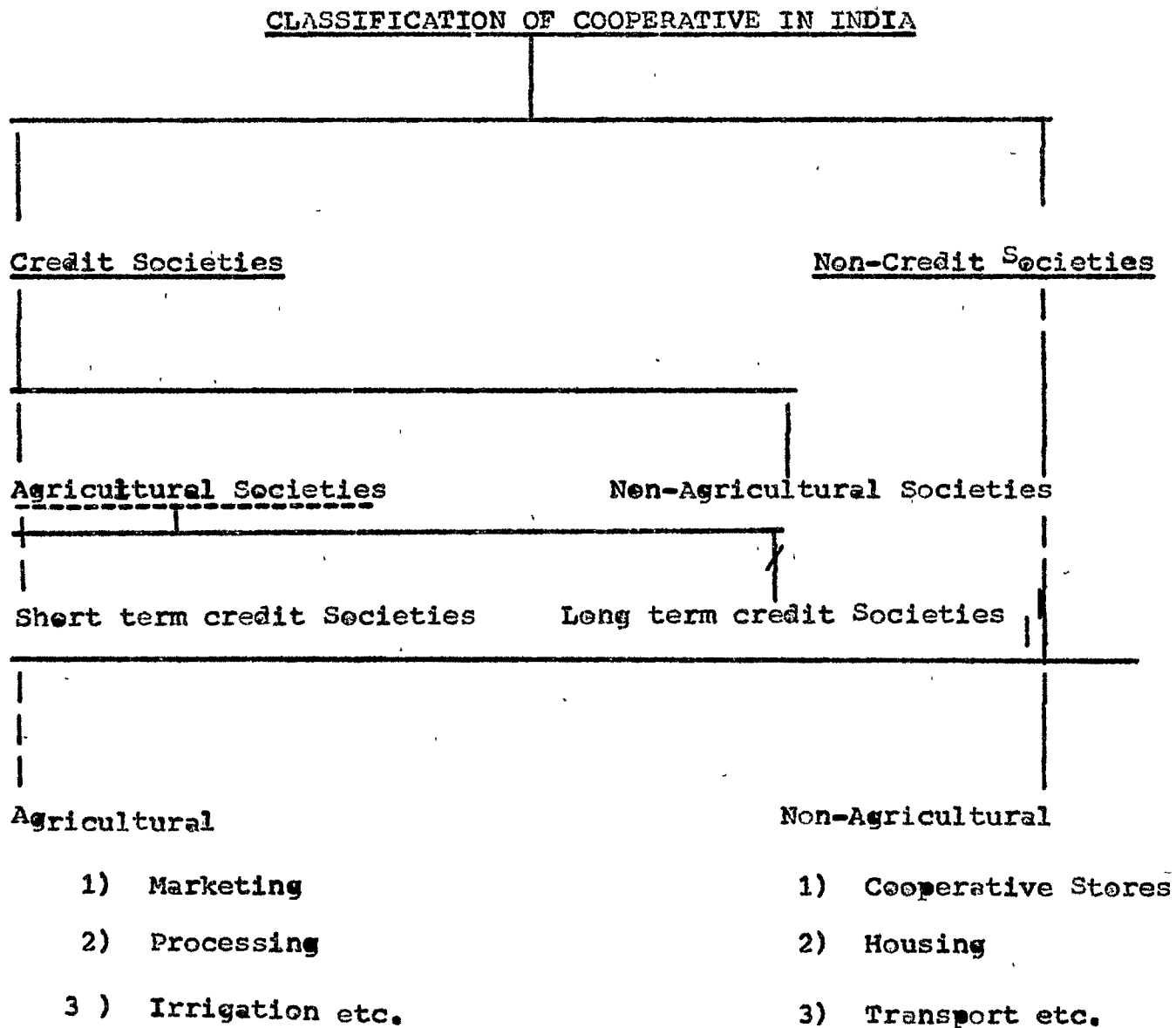
4) EDUCATION: It should make provision for education to the members, staff, officers and of general public.

5) SERVICE : A Co-operative enterprise is motivated by the spirit of services.

6) CO-OPERATION AMONG CO-OPERATION: At the local, national, and international level all co-operative societies should cooperate to one another.

" All above principles namely, voluntary association of principles having common needs and interest, the improvement of the economic and social position of the co-operative members by means of a common enterprise, the democratic management of co-operative associations expressed by rule of one man one vote, the independence of co-operatives from political and religious influence and they all manifest educational and moral tendencies.

CHART 2:1



Source : 'Indiran Economy ' by  
Hedgade & Kulkarni  
Gadag Publication, 1985  
Page No.152