The origin and history of cooperative movement in India can be dealt under two eras.

a) Pre-Independence Era:

The cooperative movement in India during pre-independence era can be divided in to four phases viz.,

1. Initiation phase (1904-1911)
2. Modification phase (1912-1918)
3. Expansion phase (1919-1929)
4. Restructuring phase (1930-1946)

Initiation phase (1904-1911):

In olden days rural credit service was dominated by non-institutional financial agencies (i.e. private money lenders) charging exorbitant interest rates from farmers. In extreme cases or out of distress the poor farmers have to sell their belongings to clear their debts. This precarious situation triggered a sort of agitation by farmers against private money lenders in certain areas. The revolts found in Poona and Ahmadnagar areas of Maharashtra attracted the attention of government. Immediately the government passed three acts viz.,

- Deccan Agriculture Relief Act (1879)
- Land Improvement Loan Act (1883)
- Agriculturists Loan Act (1884)

In 1892, the Madras government appointed Federick Nicholson to study and examine the village banks organized on cooperative lines in Germany. After coming from there Nicholson submitted a report and raised a slogan "Find Raiffeissen".

During 1901, Indian Famine Commission (IFC) and another committee headed by Sir Edward Law recommended the formation of credit societies on Raiffeissen model. These recommendations resulted in the enactment of Cooperative Credit Societies Act (1904).

Important/salient features of 1904 Cooperative Credit Societies Act:.

- Classification of cooperative societies in to rural and urban was made. According to this, rural societies are those having $4/5^{ths}$ of the total members are farmers and urban societies are those having $4/5^{ths}$ of the total members are non-agriculturists.
- Both the organization and control of these societies was to be done by registrar of cooperatives.
- Loans could be extended to the members on personal and collateral security.
- The principle of "one man one vote" was specified in the Act.

Modification phase (1912-1918):

Cooperative Societies Act of 1912was enacted for rectifying the shortcomings of 1904 Act.

Important/salient features of 1912 Cooperative Societies Act:.

- It provided legal protection to all types of cooperatives
- Liability is limited in case of primary societies and unlimited for central societies.
- As this act of 1912 gave provision for registration of all types of cooperative societies lead to the emergence of rural cooperatives both on credit and non-credit fronts. But this growth was uneven spatially i.e. localized in some areas only.

During the year 1914, government appointed a committee to under the chairmanship of Edward Mac Lagan to look in to the performance of the societies. He resented his report in 1915. The Mac Lagan committee's recommendations and cooperative Act o 1912, introduced the cooperative planning process in India.

The important observations of Mac Lagan committee/ drawbacks of then existing cooperatives as identified by Mac Lagan committee were:

- Illiteracy among the members.

- Misappropriation of funds.
- Rampant/uncontrolled nepotism (Favoritism towards friends and relatives).
- Undue delays in sanctioning of loans.
- Irregularity in repayment of loans.

Some suggestions offered by Mac Lagan committee for the effective functioning of cooperatives:

- All the members of the society should be made aware of the cooperative principles.
- Dealings/transactions should be restricted to the members only.
- Honesty should be main criterion for extending a loan to someone.
- Careful scrutiny of applications before advancing a loan and effective follow up utilization of loan amount.
- Loans should not be advanced for speculative purposes like investment in stock markets, lotteries etc.
- Ultimate authority should be with all the members but not with the office bearers.
- Thrift/propensity to save should be encouraged among the members, so as to build reserve fund.
- The principle of "one man one vote" should be strictly followed.
- As far as possible, the capital should be raised from the savings of the members only.
- Punctuality in repayment should be strictly insisted upon the borrowers.

Expansion phase (1919-1929):

This phase was considered as "Golden Era" for the cooperative movement in India. Cooperative movement got impetus/boost as the cooperatives became a provincial subject under Montague Chelmsford Act of 1919/ Govt. of India Act, 1919. The economic prosperity during the period 1920-1929 also contributed to the growth of cooperative movement.

During the same period, the birth of Land Mortgage Banks (LMB's) took place first in Punjab (1924) subsequently in Madras (1925) and in Bombay (1926).

Restructuring phase (1930-1946):

In the year 1931, Indian Central Banking Enquiry Committee also emphasized shortcomings with reference to undue delay in advancing loans and inadequacy of credit.

In the year 1932, Madras Cooperative Societies Act came in to existence aiming for the growth of the cooperative movement. Madras cooperative Land Mortgage Bank Act (1934) came in to force for the development of long-term credit.

Excessive and abnormal fall in prices of agricultural commodities and the economic depression of early thirties lead to the collapse/downfall of the cooperative movement. Various enquiry committees were also constituted for restructuring and reorganization of cooperative societies. They were

- Vijayaraghavacharya committee in Madras.
- Rehabilitation Enquiry committee of Travancore (Kerala) and Mysore.
- Kale committee of Gwalior.
- Wace committee of Punjab.

The Agricultural Finance sub-committee under the chairmanship of Prof. D.R. Gadgil, in 1944 recommended the

- Adoption of limited liability to cooperatives.
- Assessing the credit –worthiness of a farmer based on his repayment capacity.
- Subsidizing the cost of administration of small cooperative societies.
- Linking credit with marketing.

In 1945, the cooperative planning committee (CPC) under the chairmanship of Sri. R.G. Saraiya pointed out that the limited progress of cooperatives is due to the Laissez-faire policy (irresponsible/ not showing due interest) of government and illiteracy of the people etc.

b) Post-Independence Era:

Planning commission was established in March, 1950 prepared first five year plan (1951-1956) in 1951under which main objectives with regard to cooperatives were

- Involvement of cooperatives in rural development programmes.
- Development of well organized credit system.
- Extending cooperatives to the fields of farming, industry, housing, marketing etc.
- Training of higher level personnel engaged in cooperatives.

During the year 1951, AIRCSC was appointed under the chairmanship of Sri. A.D. Gorwala pointed two main drawbacks of cooperative credit. They were

- Cooperative credit was unevenly distributed.
- Cooperative credit was in adequate and mostly lent to the asset-oriented large cultivators rather than small and marginal farmers.

He also pointed that weakest link in chain of cooperatives was the primary credit societies. The AIRCSC also observed that "Cooperation has failed in India must succeed".

This AIRCSC also recommended an integrated scheme as a remedy for the then existing situation. The important recommendations /salient features of it were

- State/Govt partnership in cooperatives at all levels.
- There should be coordination between cooperative credit, marketing and processing.
- Development of adequate warehousing.
- Giving adequate training for cooperative personnel engaged at all levels.

Under Second five year five year plan(1956-1961), on the recommendations of AIRCSC during the year 1956, National Cooperative Development and Warehousing Board (NCDWB) was established. Apart from this the second five year plan initiated the setting up of producer's cooperatives and processing cooperatives.

During the year 1959, the Committee on Cooperative Credit (CCC) under the chairmanship of Sri. V. L. Mehtha opined that the membership in a cooperative should not be too large and each village falling under the service area of the cooperative should be at a distance of less than 3-4 miles.

The Committee on Taccavi (Govt) loans and cooperative credit under the chairmanship of Sri. B.P Patel in 1961-62, stressed that the cooperatives should provide loans to the farmers for carrying out agricultural operations and land improvement. These loans should be given only to the farmers under distressed conditions.

The Committee on Cooperative Administration headed by Sri. V. L. Mehta said that the supervision of cooperatives at grassroots level i.e. PACS's should be done by District Cooperative Banks.

During Third five year plan (1961-1966), the emphasis was placed on the revitalization of dormant societies apart from increased emphasis on cooperative credit and cooperative farming. During this period

- National Cooperative Development Corporation (NCDC) was established in 1963.
- Establishment of National Federation of Cooperative Sugar Factories (NFCSF).

All India Rural Credit Review Committee (AIRCRC) was constituted during July, 1966 under the chairmanship of Sri. B. Venkatappaiah. He submitted his final report in the year 1969 and recommended the

- Setting up of Small Farmers Development Agency (SFDA), Marginal Farmers and Agricultural Labourers Development Agency (MFAL) and Rural Electrification Corporation (REC).
- Reorganization of primary societies in to economically viable units.
- Revitalization/reorganization of weak cooperative central banks.

- Checking of overdues.
- Greater flexibility in conversion of short-term loans in to medium-term loans.
- Simplification of loan application.
- A part of loan should be disbursed in kind.

During the third five year plan period itself the new concept of transport cooperatives was initiated.

After third five year plan, during 1966-1968 there were three annual plans called rolling plan. In the year 1967, Vaikunth Mehta National Institute of Cooperative Management (VAMNICOM) was started in Poona.

Fourth five year plan (1969-1974), gave impetus for the rehabilitation and reorganization of District Cooperative Credit Societies for the smooth flow of cooperative credit. During this plan, Indian Farmers Fertilizer Cooperative Limited (IFFCO) was established at Kandla, Gujarat.

During Fifth five year plan (1975-1979) new fertilizer projects were initiated with the success during fourth five year plan.

National Bank for Agriculture and Rural Development (NABARD) was established for providing credit to agriculture and allied activities under Sixth plan (1980-1985.The strengthening of dairy cooperatives was also given importance in this period.

Seventh five year plan (1985-1990), stressed up on

- Organizing of special cooperative loan recovery camps
- Strengthening of National and State Consumer Federation (NSCF)
- Introduction of single window system in Andhra Pradesh in 1987.

Eighth five year plan (1992-1997) emphasized replication of Anand Pattern of cooperatives for milk and strengthening of processing cooperatives.

Ninth five year plan (1997-2002):

Measures were initiated to revitalize the cooperatives to make them vibrant democratic institutions with economic viability and active involvement of members by the Government. These include the framing of National Policy on Cooperatives and finalisation of a new Multi State Cooperative Societies Bill to replace the then existing Multi State Cooperative Societies Act,1984.

It is proposed to have wide-ranging amendments to the Multi State Cooperative Societies Act, 1984. Broadly, the following issues have been addressed in the proposed legislation.

(i) greater degree of autonomy of Multi State Cooperative Societies;

(ii) reduction in the control and level of intervention of the Government;

(iii) establishment of Quasi-judicial Dispute Settlement Authority;

(iv) provisions for safeguarding the interest of members;

(v) removal of some restrictive provisions on the functioning of societies;

(vi) freedom of societies to determine their own priorities.

The National Cooperative Development Corporation (NCDC) undertakes planning and promotion of programmes for production, processing, marketing, storage, export and import of agricultural produce, foodstuffs and other notified commodities based on cooperative principles.

With the passage of time, it has been felt that NCDC mandate needs to be broad-based and amendments to the NCDC Act are proposed. The main features of the proposed amendment are as follows:

(a) expansion of NCDC's scope to include Animal Husbandry, Forestry, Horticulture, Pisciculture, etc.

(b) extension of NCDC's coverage to livestock, industrial goods, handicrafts and the services sector, and

(c) provision of loans directly to cooperative societies on appropriate security to be furnished by the borrower.

National level Cooperative federations have been providing dominant leadership role. Government of India has been giving financial and policy support to these federations to undertake extensive promotion and research activity and in ensuring improvement in infrastructural facilities.

Funds were provided for the implementation of Centrally assisted State Plan Scheme 'Watershed Development in Shifting Cultivation Areas' in North-Eastern States.

Tenth five year plan (2000-2007)

1. To review the status of Cooperative Movement and its role in the economic development of the country in general and in the agricultural economy of the country, in particular identify weaknesses of Cooperative Movement and Cooperative Movement to meet the desired goal.
2. To make a special study of the role of the cooperatives and challenges to be met in the wake of globalisation of Indian economy and also the issues relating to competitive efficiency of the cooperatives, constraints and remedial measures for improving the commercial and economic viability of the cooperatives with regard to modernisation, diversification, technology up gradation, quality improvement, marketability and export promotion, etc.
3. Formulate suitable programmes and schemes for the 10^{th} five year plan indicating policies, objectives, strategy targets, programmes for development of cooperatives with due regard to the self-reliance, export promotion, removal of regional imbalances, reduction in rural poverty, generation of more employment opportunities and improvement in socio-economic conditions of the weaker section of the rural community.

4. To study the regional disparity in the development of Cooperatives, identify the factors inhibiting the development of cooperatives in the States and suggest suitable programmes for encouraging cooperatives in the cooperatively underdeveloped States.
5. To suggest measures for human resource Development in the Cooperatives.
6. To review the role and functioning of consumer cooperatives and suggest suitable measures for their improvement.

Meaning of co-operation:

Co-operation is voluntary association of persons for achieving a common goal. It generally means working together for a common goal. It indicates joint effort and coordinated action of all the members of the association. Ex: Producer's cooperatives, Consumer's cooperatives, marketing cooperatives, credit cooperatives, Multi-Purpose Cooperative Societies etc.

Definition: According to Huber Calvert "Co-operation is a form of organization, where in persons voluntarily associate together on the basis of equality for the promotion of common economic interest of themselves"

According to Sir. Horace Plunkett, "Co-operation is self help made effective by organization."

Co-operation helps in protecting the weak, provides equal justice to all and promotes welfare of the society. The motto of co-operation is **"Each for all and all for each."**

Principles of Cooperation:

Rochdale pioneers were a group of 28 weavers and other artisans in Rochdale region of England formed against the advent of industrial revolution forcing many skilled workers into poverty. Rochdale pioneers were most famous for designing the Rochdale principles i.e. a set of principles of co-operation now following worldwide. Hence the principles of co-operation originated from Rochdale Principles. The important principles of co-operation are

1. **Principle of open and voluntary association:**

The admission and membership in to a co-operative society is open to everybody irrespective of caste, religion, any social and political affiliations. It does not allow any discrimination. The membership is open as well as voluntary. It implies that there is no compulsion is exercised on any individual to join the cooperative. Once an individual joins as a member, there is no compulsion on him to continue as such. At any time he had every freedom to withdraw from the society.

2. **Principle of Democratic organization:**

Co-operatives are organized and managed based on the principle of democracy. Each member is given equal right to vote irrespective of his share capital in the society. "One man one vote" is the important principle of cooperation. The elected board of management will work based on the acts, rules and laws guiding the matters of co-operation.

3. **Principle of service:**

Co-operatives main aim is to cater the needs of its members. Unlike business organizations, the cooperatives are more service oriented rather than profit oriented. This spirit of service invokes/develops loyalty among the members.

4. **Principle of self-help and mutual help:**

The funds of society are contributed by the members in the form of share capital. In co-operatives generally, the members are financially weak. The society can barrow required capital from different financial sources at lower interest rates and offer the same to the members for productive purposes. This may not be possible at individual level. Hence, in co-operatives the principle of self-help and mutual-help can work for the welfare of the members.

5. **Principle of distribution of profits and surpluses:**

Co-operatives are not interested in making profits like business organizations. But, they are also required to run on same minimum profits through efficientworking. In co-operatives a certain amount of profits i.e. 25 per cent will be kept back as reserve fund and the remaining 75 per cent can be distributed among the members based on their contribution to the share capital.

6. **Principle of political and religious neutrality:**

The important strength for growth of the cooperatives is the unity among the members and non-interference of political parties. The members of the cooperatives should continuously work for the growth of the society with harmony, integration and unbaisedness towards any religion political party. The political and religious differences of the members should be kept away for the smooth running of the cooperatives.

7. **Principle of Education:**

If the members in cooperative society are illiterate, their participation is poor in running the cooperatives and they cannot understand what is going in the society. Hence, first such type of illiterate members should be made literate. For promoting awareness and efficiency in the operations of cooperatives, education to members and training to office bearers and executives is necessary.

8. **Principle of thrift:**

The cooperatives must aim at inculcating the habit of thrift i.e. "propensity to save" among the members. Thrift and service are part and parcel of cooperation. The members who save their money with cooperatives should get incentives. Thrift is very much basis of self-help, but it must precede credit. It implies that in sectioning of credit, a priority should be given to the members who save.

9. **Principle of publicity:**

The cooperatives should make sincere efforts to tell their members about the society and all the dealings/transactions of the society should be made public.

10. Principle of honorary service

The honorary personnel will simply supervise and direct operations of cooperatives. But to have efficiency in the society, trained secretaries with salaries are needed. But, if the societies are started with poor members, it is better to have honorary office bearers, because such societies cannot afford to pay salaries to such office bearers.

Objectives/maxims of co-operation:

The founder of Irish co-operative movement Sir Horace Plunkett sums up co-operation in three famous maxims.

1. **Better Farming:**

It means helping the farmer to realize a better production in the farm business through adoption of requisite technology. The farmers objective of achieving higher production and productivity will be realized only when the resources are available in adequate quantities and at right time. For this necessary capital for the farmer also should be provided by institutional agencies at right time. A well developed co-operative network/set up helps in marketing this particular requirement of the farmers.

2. **Better Business:**

Farmers should get a better deal in buying the inputs as well as disposing the products. The efforts of the farmer will be fruitful only when an efficient marketing system is accessible to him. Farmers as a group enjoy better bargaining power when compared individually. Hence co-operatives should provide inputs needed by the farmers at reasonable rates and arrange for the disposal of produce at favourable/ remunerative prices.

3. **Better Living:**

This implies that the cooperative societies should supply consumer goods to the consumers at reasonable rates. This helps the consumers to pay less than what they pay in open market. A good and successful cooperative helps in preventing marketing middlemen (as minimum as possible) especially private traders from taking undue advantage.

Thus co-operatives help in getting remunerative/favourable prices to producers for their products and providing the same products for consumers at reasonable /affordable prices.

Importance/Significance of Cooperatives in Indian Agriculture:

The Cooperatives play very important role in India because it is an organization for the poor, illiterate and unskilled people. The importance of Cooperative sector for Indian agriculture is given below:

1. It provides agricultural credits and funds where state and private sectors have not been able to do very much.

2. It provides strategic inputs for the agricultural-sector; consumer societies meet their consumption requirements at concessional rates.

3. It helps to overcome the constraints of agricultural development.

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