

Evolution of Co-Operatives in India during Five Year Plans

Abstract

Cooperatives have played a vital role in improving the economic conditions of farmers and accelerating the pace of development in India. In this paper we discussed the evolution of cooperatives during five year plans in India. The Planning Commission having recognized the importance of Cooperative organizations in the planned economy assigned them an important role. The tenure of first five year plan was 1951 to 1956. There were 12 five year plans were made till 2017. Five Year Plans provided more opportunities to cooperatives, and plan to build-up cooperative sector as one of the important aims of the national policy. Five Year Plan's objective was to consolidate and strengthen the network of cooperatives by balancing the regional imbalances and focusing the cooperative activities towards small, marginal and weaker sections. Five Year Plans also aims to induce small savings in the rural areas by encouraging micro credits. The co-operative credit units are positioned to function for linking women co-operatives also.

Keywords: Vital Role, Evolution of Cooperatives, Planned Economy, Regional Imbalance, Micro Credits.

Introduction

In every nation, co-operative have played an active role in the empowerment of rural areas. Co-operatives have contributed their might in the development of economics all over the world. In India co-operatives are playing a major role in filling the gap left by the public and private sectors. India is the 'land of co-operatives'. Cooperatives have played a vital role in improving the economic conditions of farmers and accelerating the pace of development in India.

Aim of the Study

Aim of this paper is to examine the meaning and evolution of cooperatives and their time to time effect and contribution in Indian economy. To find the characteristic and principles of cooperatives in India also discussed in this paper. The aim of this paper to trace the role played by Cooperatives in economy of rural areas of India during five years plans. In this study I tried to show contribution of Cooperatives in Indian economy.

Meaning of Co-Operatives

A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. A cooperative is based on certain values and principles of its own, which distinguish it from other forms of organizations. Cooperation has three dimensions, that is, economic, social and moral, which are equally crucial for its success. The very motto of cooperation, 'each for all and all for each', signifies loyalty, trust, faith and fellowship. A cooperative is a perfect democratic institution of the members, for the members, and by the members, and is based on the 'one member, one vote' system of decision making.

Cooperatives have a number of common characteristics such as that:

1. It is an association of persons
2. It is an undertaking
3. It is a voluntary organization
4. It is a democratic organization
5. The keynote is service and not profit
6. The basis is equality
7. At the service of both of members and of community

At the congress of the International Alliance in Manchester in 1995, seven principles of cooperatives were agreed by which Cooperatives put their practice:



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1. Voluntary and open membership
2. Democratic member control
3. Member economic participation
4. Autonomy and independence
5. Education, training and information
6. Co-operation among cooperatives
7. Concern for community

Evolution of Cooperatives in India during Five Year Plans

The Planning Commission was set up by the Government of India in March 1950, with the Prime Minister as its Chairman. It prepared a draft outline of a plan of development for a period of 5 years commencing from 1st April 1951 up to 31 March 1956. The Planning Commission having recognized the importance of Cooperative organizations in the planned economy assigned them an important role.

First Five Year Plan (1951 – 56)

The first five year plan assigned an important role to cooperative organizations in the reconstruction of Indian economy. The first five year plan aimed at changing the economy of the country from an individualistic one to the cooperative. It planned that by 1955-56, cooperative should be the end of the first plan, the cooperative should supply credit for agricultural production to the tune of Rs. 130 crore per annum, i.e. Rs. 100 crore as short-term loans. Preference for the cooperative organization of the economic activities of the people, especially in the field of agriculture, marketing, cottage industries and internal trade that form the most important part of the developmental schemes included in the first plan. The actual results were considered short of the target.

Second Five Year Plan (1956-61)

The second plan provided more opportunities to cooperatives, and plan to build-up cooperative sector as one of the important aims of the national policy. The programme of cooperative development for the second plan had been drawn up broadly based on the recommendations of the A.D. Gorwala Committee. The share capital of cooperative societies increased during the Plan period by Rs. 49.30 crore and the deposits increased by Rs. 7.69% crore. At the end of the Second Plan period there were 56 cooperative sugar factories against 8 at the end of the First Plan. Besides, there were 132 cotton ginning and pressing units, 1800 primary cooperative marketing societies, 168 rice hullers and 524 oil expelling units. It would, thus be seen that the progress achieved during the Second Plan period was quite encouraging. The membership of Cooperative credit societies was to be raised from 5 million to 15 million. The targets of cooperative credit was to be raised from the prevailing Rs. 43 crore to Rs.255 crore, i.e., short term Rs.150 crore, medium term Rs.50 crore and long term Rs.25 crore. Another 350 warehouses of central and state organization were to be set up 1500 godowns of marketing societies and 4000 godowns of large sized societies.

The Third Five Year Plan (1961 – 66)

The cooperative movement was further assigned an important role during the third plan. The third plan was provided for Rs.80 crore for the development of cooperation. In the third plan the

primary agricultural credit societies could cover only 5, 02,816 villages but the % of the villages covered by the active societies was only 82. There were 1, 91,904 societies on 30th June 1966, of which the number of the active societies were 1, 68,324. The revitalization of primary credit societies took place at a very slow rate. Only 64% of the target in respect of short-term and medium- term credit could be achieved.

Fourth Five Year Plan (1969 – 74)

In the Fourth Plan agricultural Cooperatives and consumers' co-operatives were given an important place in the strategy of cooperative development. The objective being that the services required by the farmers are institutionalized to the maximum possible extent. It laid some substantial emphasis on strengthening the cooperative marketing structure. It was proposed to organize about 550 cooperative agricultural processing societies during the plan period. 'Growth with stability' was expected to be the key note of the cooperative movement during fourth five year plan. It was expected that the distribution of consumer article through cooperative would be about Rs.500 crore at the end of the plan. While the retail sale of urban consumer cooperatives would amount to Rs.400 crore. The performance of Cooperative during the plan period was rather below expectation. It was only in the field of cooperative marketing of agricultural producer that the targets were exceeded. The establishment of Statutory Agricultural Development Agency in selected districts, rural electrification corporation formation, agricultural refinance corporation's role expansion and way for adequate, timely credit flow to agriculture were the strategies for strengthening the cooperative movement. In respect of other items such as cooperative credit and cooperative storage the targets were achieved substantially but in other items there were shortfalls.

Fifth Five Year Plan (1974 – 79)

The objective was to consolidate and strengthen the network of cooperatives by balancing the regional imbalances and focusing the cooperative activities towards small, marginal and weaker sections. Accordingly, the new concept of a Farmers Service Societies postulated by the National Commission on Agricultural was tried. Among the total membership only 37 were the borrowing members and only 45% of the rural families were in the programmes at all levels were intensified and increasingly linked with the growing and diversified needs of the various sectors of the cooperative movement. The total public sector outlay for the cooperative development during the Fifth Plan was fixed at Rs.423 crore.

Sixth Five Year Plan (1980 – 1985)

The sixth five year plan strategies are to strengthen, reorient and coordinate the cooperative federal organization and develop professional manpower. Rs.914.23 crore was earmarked for improving cooperative services and creating reasonable capabilities of the cooperative system under the total public outlay on various schemes of cooperation. The outlay was mainly for strengthening

the capital base off the cooperatives. The main objectives of the cooperative development in the sixth plan were for the strengthening of primary village societies so that they are able to effectively act as multi- purpose unit catering to diverse needs of their members; Re-examination of the existing cooperative policies and procedures; Reorientation and consolidation of the role of the cooperative federal organization so that the constituent organizations effectively support a rapidly diversifying and expanding agricultural sector; and development of professional manpower and appropriate professional cadres to man managerial positions.

Seventh Five Year Plan (1985 -90)

In the seventh Plan strategies for the development of viable cooperative units, special programmes for under developed states, broad based public distribution system etc. were given importance. NAFED had been designated as the Central agency for the 7th plan period for implementing price support schemes relating to oilseeds, pulses and coarse grain. It is envisaged that during the Plan period an additional storage capacity of about 20 lacs tones would be created, bringing the total storage capacity 100 lacs tones in the cooperative sector. Cooperatives for the weaker sections including scheduled castes and Scheduled tribes; cooperatives will be revitalized and re-strengthened. To reorient the primary agricultural credit societies to meet the entire need of rural agricultural communities ranging from credit and banking to supply of inputs, extension facilities and marketing of their produce, and integrated cooperative development schemes has been evolved for implementation on project basis. But the growth of cooperative sector was not uniform through out the country.

Eight Five Year Plan (1992 – 97)

Development of cooperatives has envisaged as a significant strategy to build strength in the people with limited means. Cooperatives efforts of small and marginal farmers to organize procurement of inputs, their timely distribution and marketing of products have yielded rich dividends. The model can be extended to organize the weaker sections for investment in inputs for production, processing, storage and marketing, etc., through cooperative organization during the Eight Five Year Plan.

Ninth Five Year Plan (1997 – 2002)

Starting from 1996-97, additional allocation has been made to the State for seven Basic Minimum services. Greater attention would need to be paid during the Ninth Five Year Plan. The National Federation of Labour cooperatives have suggested the strengthening of Resource Development cell as also the Rural Worker Cell. The mid term appraisal donate that the food grains stock with government are about 42.25 million tones while the required level of public distribution systems is only 24.30 million tones. The milk production has been declined slightly from eighties (5.39% p.a.). The country is the largest production of milk (74.7million tones) because of the strengthening of the dairy cooperatives and second largest producer of wheat, rice and fruits and vegetables as the achievement of the plan.

Tenth Five Year Plan (2002 – 2007)

The functioning of the cooperative banks with serious financial weakness is inconsistent with the objective of transforming them into strong, viable and self sustaining institutions capable of channeling enhanced credit flow was envisaged for the tenth plan. The recapitalization and revamping of the cooperative credit institution is being considered and the working on credit, cooperative and crop insurance for the tenth plan has estimated the recapitalization requirement of cleansing balance sheet at Rs. 8000 crore. Kisan Credit Cards were planned to be issued to all entitled farmers. The States were persuaded to take up follow up action on Multi-State Cooperative Act, 2002. Recommendations received for revamping of cooperative credit structure were planned to be examined and appropriate policy formulated. Assistance for construction of godowns/ warehouses through cooperatives at normal rate of interest and special and special importance for rural godowns were planned for storing agricultural produce and inputs.

Eleventh Five Year Plan (2007 – 2012)

A working group on outreach of institutional finance and cooperative reforms for Eleventh Five Year Plan has been constituted by the Planning Commission, Government of India. It will review the flow of institutional credit to the agricultural sector, review the efficacy and adequacy of structure of agricultural credit, to study the cost of funds, legal framework of the recovery and review the magnitude of the indebtedness of the farmers and its impact on the agricultural credit. The group will also review the status of cooperatives and its role in the economic development of the country, identifying the factors inhibiting the development of cooperatives; suggest measures for human resources development in the agricultural cooperatives. It will also study the status of the cooperatives, its indebtedness and suggest measures and institutional framework for making the cooperative credit societies more efficient. The Group will suggest programmes, schemes and strategic reforms in cooperative sector for the eleventh five year plan to address agricultural growth and distress.

The Twelfth Five Year Plan (2012-2017):

This plan focuses on renewal of primary agricultural co-operative societies and ensuring their viability so that they become financially strong and can further assist farmers by providing credits. It also aims to induce small savings in the rural areas by encouraging micro credits. The co-operative credit units are positioned to function for linking women co-operatives also.

Conclusion

After India attained independence in august 1947, co-operatives assumed greater significance as an instrument of socio-economic development and became an integral part of India's five year plans. Pandit Nehru visualized an India in which each village would have a Panchayat, A School and A cooperative. A salient feature of evolution of cooperatives is that it has not only numerically expanded but has continuously diversified its activities over the years. It has left almost no sector of economy

untouched. In addition to traditional activities like credit, marketing, distribution etc. it has penetrated into fields like fisheries housing, handicrafts and handlooms. The Five Year plans have added a new dimension to the cooperative movement. It has been their endeavor not only to build up cooperative economy on a wide base, but also to provide sufficient strength to the cooperative sector so that it can compete with other agencies and to act as the nerve centers for the respective cooperative at state, district, regional and local level. Hence, we can say that the evolution of cooperatives was awakening movement for peasants and farmers as well as agriculture and its allied activities. It has immense potential to deliver goods and services in areas where the government and private sector failed to reach. With the planning commission dissolved, no more formal plans are made for the economy.

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