

**COOPERATIVE MOVEMENT IN MAHARASHTRA- RETROSPECT AND
PROSPECT**

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ABSTRACT:

India is an agricultural country and laid the foundation of World's biggest cooperative movement in the world. Around the world modern cooperatives have developed for over 200 years. Cooperative institutions exist all over the world providing essential services which would otherwise be unattainable. Maharashtra is one of the major states of India. Maharashtra is India's leading industrial state contributing 13% of national industrial output. Almost 46% of the GSDP is contributed by industry. Maharashtra is the most industrialized State and has maintained leading position in the industrial sector in India. The State is well known for its administrative acumen and innovative ideas. Co-operatives in fact supports to the poor & marginal urban peoples. In Maharashtra, State Co-operative Societies Create an encouraging environment, spirit of competition & support economic activities in the rural & urban areas. The Co-operative movement in Maharashtra has not only improved the lives of the people here but has made significant contribution to the economy of the State itself. Co-operation plays an important role in safeguarding the weak and unorganized sections of the people engaged in various economic activities.

I. INTRODUCTION:

Background: Maharashtra Economy

Maharashtra is not just a geographical expression but an entity built on collective efforts of its people. Natural as well as cultural as well cultural diversities have helped in the development of a unique Marathi culture. It has its own spiritual dimensions

and known as land of saints. Saints of that time helped the cultural awakening of the region along with their spiritual contribution. Maharashtra's contribution to the freedom struggle against the British is notable and after that it was engaged in the task of nation building. Monuments such as Ajanta, Ellora and Elephanta caves, Gateway of India and architectural structures like Viharas and Chaityas have attracted people from all over the world. Besides the wonderful monuments, segment mix of population and its cultural aspects makes it intra-national. It has produced many important personalities covering almost every aspect of human development. The State has sizable contribution in sports, arts literature and social services. The world famous film industry, popularly called "Bollywood" is located in Mumbai, a capital city of the State.

Maharashtra has played a significant role in the social and political life of India. Maharashtra occupies the western and central part of the country and has a long coastline stretching nearly 720 kilometers along the Arabian Sea. The Sahyadri mountain ranges provide a physical backbone to the State on the west, while the Satpuda hills along the north and Bhamragdchiroli-Gaikhuri ranges on the east serve as its natural borders. Maharashtra is the second largest state in India both in terms of population and geographical area (3.08 lakh sq.km.). The State has a population of 11.24 crore (Census 2011) which is 9.3 per cent of the total population of India. The State is highly urbanized with 45.2 per cent people residing in urban areas.

The economy of Maharashtra is the largest in India. It is one of the most urbanised Indian State. Maharashtra is one of the most urbanised Indian State. Maharashtra is India's leading industrial state contributing 13% of national industrial output. Almost 46% of the GSDP is contributed by industry. Maharashtra has software parks in many cities around the state, and is the second largest exporter of software with annual exports over ₹80,000 crores.⁽¹⁾

CO-OPERATION:

The United Nations General Assembly had declared 2012 as the International Year of Co-operatives (IYC) highlighting the contribution of cooperatives in socio-economic

development, particularly in poverty reduction, employment generation and social integration. The theme of IYC 2012 was “Cooperative Enterprises Build a Better World”.

“Co-operation” is derived from the Latin word “Co-operari.” ‘Co’ means ‘with’ and ‘operary’ means ‘to work’. In other words co-operation means working together with others for a common purpose co-operation as “an association of a number of persons for a common benefit especially in carrying on same branch of trade or industry, the profit being shared, as dividend among the members”.

The Swiss definition is; A co-operative society is one, constituted by a varying number of persons organised corporately which aims principally at contributing towards the economic prosperity of its members by joint action. The formation of co-operative societies with capital fixed in advance is prohibited.

Under the Belgian cod, “a co-operative society is one which is voluntary association and there is no compulsion on anybody to join a co-operative society or, once having joined, to continue as such. The members are also free to take advantage of the services of the society to the extent considered necessary by them.

In the Bhagwat Puran individual ownership is permitted only to the requirement of food. The cooperative element in the community life in India was represented by the joint family system. The ancient India scripture-the Rigveda states.

“May you all have common purpose.

May your hearts be in unison.

May you all be of the same mind.

So that you can do work efficiently well.”

MEANING OF CO-OPERATIVE BANKS:

Cooperative bank is an institution established on the cooperative basis and dealing in ordinary banking business. Like other banks, the cooperative banks are founded by collecting funds through shares, accept deposits and grant loans.

“Co-operative bank” means a Co-operative society which is doing the business of banking as defined in clause (b) of sub-sections (1) of section 5 of the Banking Companies Act, 1949 and includes any society which is functioning or is to function as an Agricultural and Rural Development Bank.

Co-operative movement in Maharashtra is based on the remarkable developments in co-operative societies and co-operative banks.

Maharashtra was a pioneer in the development of Agricultural Cooperative Societies after independence. In fact, it was an integral part of the then Governing Congress party's vision of 'rural development with local initiative'. A 'special' status was accorded to the sugar cooperatives and the government assumed the role of a mentor by acting as a stakeholder, guarantor and regulator.⁽³⁾⁽⁴⁾⁽⁵⁾ Cooperatives play a crucial role in dairy,⁽⁶⁾ cotton, and fertiliser industries. The members of the respective society include all farmers, small and large, supplying their produce to the processing mill, dairy etc.⁽⁷⁾

The Co-operative movement in Maharashtra has played a significant role in the social & economic development of the state. Progress of Co-operative movement in the last four decades showed increase more than four times. The Cooperative movement in Maharashtra has historical, social, political & cultural heritage. Mostly Co-operative spread in western Maharashtra for example Pune, Baramati, Mumbai, Satara initiated for social reforms by the political leaders and social workers.

As with dairy and sugar, cooperatives play a significant part in marketing of fruit and vegetables in Maharashtra. Since the 1980s, the amount of produce handled by Cooperative societies has increased exponentially. Common fruit and vegetables marketed by the societies include products such as bananas, mangoes, grapes, onions and many others.⁽⁸⁾ Over the last fifty years, the local sugar mills and other cooperative bodies have played a crucial part in encouraging political participation and as a stepping stone for aspiring politicians.⁽⁴⁾

The impulses of the Indian freedom movement gave birth to many initiatives and institutions in the post independence era in India and armed with an experience of 42 years in the working of Multi Unit Cooperative Societies and the Multi-Unit

Cooperative Societies Act, 1942, the Central Government enacted a comprehensive Act known as Multi State Cooperative Societies Act, 1984, repealing the Act of 1942.

II. OBJECTIVES OF THE STUDY:

The objective of present research work is as follows.

1. To Present an overall review of the Co-operative movement in India in Maharashtra state particular Maharashtra
2. To present an introductory profile of Maharashtra.
3. To know the structure and significance of cooperatives
4. To identify the problems and offer suggestions for the improvement of the cooperative movement.

III. ORIGIN OF THE RESEARCH PROBLEM

In spite of huge government grants cooperatives are not performing financially well. Despite rapid growth the overall progress of cooperative movement during 108 years of its existence is not very impressive.

IV. LIMITATIONS OF THE STUDY:

The limitations of the present study are as follows.

1. The research study is geographically limited to the Cooperative Credit Societies working in Maharashtra State.
2. The study covers only co-operative credit societies in Maharashtra.

V. METHODOLOGY OF RESEARCH:

The present study is based upon secondary data. The researcher has adopted a research framework suitable for such a descriptive study. The researcher has used secondary data from various published sources such as; Research journals and

periodicals, Published data of various government Department and agencies, Newspapers, Internet various websites.

VI. REVIEW OF LITERATURE:

This chapter deals with the overall review of the literature available on the particular topic. Literature is the most important part of any research. In this topic, the review is taken of articles and books regarding the research topic.

E. G. Nourse has observed, “the cooperative movement grew out of the circumstance of the Industrial Revolution, capitalism and the attendant irrational equality and was a reaction against early abuses or at least rigours of the capitalistic industrial system”[^] The Kautilya’s Arthashastra states “Whoever slays away from any kind of cooperative undertaking shall send his servants to carry the work, shall have a share in the expenditure but none in the profits.”

. E. Gnanasekaran (2012) - A feature of the urban banking movement has been its heterogeneous character and its uneven geographical spread with most banks concentrated in the states of Gujarat, Karnataka, Maharashtra, and Tamil Nadu. While most banks are unit banks without any branch network, some of the large banks have established their presence in many states when at their behest multi-state banking was allowed in 1985. Some of these banks are also Authorised Dealers in Foreign Exchange.

Goyal, S.K.; Kaur, Satnam; and Suhag, K.S. (2006), “Performance and Regional Variability in Primary Agricultural Cooperative Credit Societies in Haryana”, Indian Cooperative Review, Vol. 43, No. 4, April, pp. 697-705.

VII. SUMMARY / OBSERVATION OF STUDY (FINDINGS):

GROWTH OF COOPERATIVE SECTOR IN INDIA

India has basically an agrarian economy with 72% of its total population residing in rural areas . The rural people need lot of services in daily life which are met by village co-operative societies. The seeds of cooperation in India were sown in 1904 when the first Cooperative Societies Act was passed. The village cooperative societies provide

strategic inputs for the agricultural sector, consumer societies meet their consumption requirements at concessional rates; marketing societies help the farmer to get remunerative prices and co-operative processing units help in value additions to the raw products etc.

The co-operative societies in India in fact are playing multi-functional roles both in rural and urban areas. An Expert Group constituted by the Govt of India in 1990 , recommended.

- i) to facilitate building up of integrated co-operative structure;
- ii) to make the co-operative federation organizations responsive towards their members;
- iii) to minimize government interference and control in the functioning of co-operatives and
- iv) to eliminate politicization from the cooperative sector.

The co-operatives in India have made an all-round progress and their role in, and contribution to agricultural progress has particularly been significant.



STRUCTURE AND SIGNIFICANCE OF COOPERATIVES

The cooperative structure in India consists of different constituents. At the bottom of this structure are the primary societies which render various types of services. Of this large number about 80% is concerned with agriculture. Most of these societies, about 60% deal with credit only. Thus a large majority of primary societies are related to agriculture and credit. They perform various functions such things as credit, irrigation, marketing, transports etc.

These are generally divided into two groups

- (i) credit societies and
- (ii) noncredit societies

Each of these two sub groups is further split up into sub groups:

(a) agricultural societies and

(b) (b) non –agricultural societies.



Fig: Types of credit cooperative society

Source: legalrastra.com (Credit Co-operative Society registration)

Agricultural societies (both credit and non credit are found in rural areas, but non agricultural societies both credit and non credit) are found in urban areas. They act as a link between cooperative societies and the money market. They function as balancing centers by diverting funds of surplus societies to the needy societies.. They also perform ordinary banking functions also.

TYPES OF COOPERATIVES:

Types of co-operative credit societies in Maharashtra

The following are the mainly five types of co-operative credit societies in Maharashtra.

I) Agricultural Co-operative credit societies

a) Maharashtra State Co-operative Bank (Apex Bank)

b) District Central Co-operative Banks.

c) Primary Agricultural Credit Societies (PACS)

d) Maharashtra State Co-operative Agricultural & Rural Development Bank (MASCARD)

II) Non-Agricultural Co-operative Credit Societies

- a) Urban Co-operative banks in Maharashtra
- b) Salary Earners Societies in Maharashtra
- c) Other Urban Credit Societies in Maharashtra

III) Marketing Co-operatives

- a) Maharashtra State Co-operative Marketing Federations
- b) District/ Central Co-operative Marketing Societies
- c) Primary Co-operative Marketing Societies
- d) Maharashtra State Co-operative Cotton Growers Marketing Federation Ltd.

IV) Production Co-operatives:-

- a) Co-operative Sugar factories in Maharashtra
- b) Co-operative Spinning Mills
- c) Primary Handloom Co-operative Societies
- d) Primary Power-loom Co-operative Societies
- e) Cotton Ginning & Pressing Co-operative Societies
- f) Co-operative Oil Mills
- g) Co-operative Rice Mills
- h) Other Processing Societies
- i) Maharashtra Rajya Machhimar Sahkari Sangh Ltd.
- j) Fisheries Co-operative Central & Primary Societies
- k) Dairy Unions in Maharashtra State

l) Co-operative Dairy Societies in Maharashtra.

V) Social Service:-

Co-operative provides several services called social service these societies known as multipurpose societies. Co-operative works on voluntary basis fulfills the requirements of rural economy. Social services are concern to store, processing, supply, marketing, distribution of inputs, technical guidance, supplies consumer goods etc.

a) Maharashtra State Co-operative Consumers Federation Ltd.

b) Co-operative Consumer Societies (Whole Sale)

c) Primary Co-operative Consumer Societies

d) Women Co-operative Societies

e) Primary Co-operative Housing Societies

f) Co-operative Lift irrigation Societies

g) Co-operative Industrial Estates

h) Primary Industrial Co-operative Societies (Other than Weavers)

i) Forest Labors Co-operative Societies

j) Labor Contract Co-operative Societies

The legal framework essentially covers the following aspects covered under The Maharashtra Co-operative societies Act, 1960.

A. Registration of Co-operative Societies

B. Rights of the members

C. Privileges of the society

D. Property and Funds of the society

E. Management of the society

F. Audit, Inquiry and Inspection

G. Disputes

H. Liquidation of Societies.

I. Offenses and Penalties.

J. Appeals, Reviews and Revision

The Co-operative Movement was introduced into India by the Government as the only method by which the farmers could overcome their burden of debt and keep them away from the clutches of the money-lenders. The Co-operative Credit Societies Act, 1904 was passed by the Government of India and rural credit societies were formed .

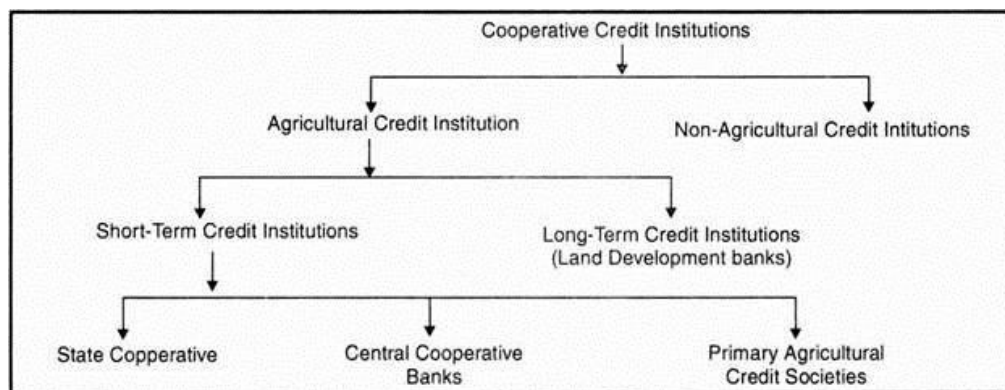


Fig: Co-operative Banking in India

Source: economicdiscussion.ne

(1) The Primary Agricultural Credit/Service Societies

The major objectives of the primary agricultural credit service societies are to supply agricultural credit to meet the requirements of funds for agricultural production, the distribution of essential consumer commodities, the provision of storage and marketing facilities and for light agricultural implements and machinery. The first Agricultural Credit Society in the Firozpur District was registered on 4 October 1911, at the Village of Khalchi Kadim in the Firozpur Tehsil. Originally, the movement was confined to the credit societies only and, thus, credit dominated till the partition

(1947). After the partition, the Co-operative Movement began to spread to other field, viz labour, construction and farming.

We have about 20,000 primary agriculture credit cooperative societies and 31 district central cooperative banks. As against six villages covered by the society in the country, we in Maharashtra have one society for two villages. More than 10 million farmers are members of the primary societies.

Advantages of Co-operative Society

A Co-operative form of business organization has the following advantages:

i. Easy Formation: Formation of a co-operative society is very easy compared to a joint stock company. Any ten adults can voluntarily form an association and get it registered with the Registrar of Co-operative Societies.

ii. Open Membership: Persons having common interest can form a co-operative society. Any competent person can become a member at any time he/she likes and can leave the society at will.

iii. Democratic Control: A co-operative society is controlled in a democratic manner. The members cast their vote to elect their representatives to form a committee that looks after the day-to-day administration. This committee is accountable to all the members of the society.

iv. Limited Liability: The liability of members of a co-operative society is limited to the extent of capital contributed by them. Unlike sole proprietors and partners the personal properties of members of the co-operative societies are free from any kind of risk because of business liabilities.

v. Elimination of Middlemen's Profit: Through co-operatives the members or consumers control their own supplies and thus, middlemen's profit is eliminated.

vi. State Assistance: Both Central and State governments provide all kinds of help to the societies. Such help may be provided in the form of capital contribution, loans at low rates of interest, exemption in tax, subsidies in repayment of loans, etc

vii. Stable Life: A co-operative society has a fairly stable life and it continues to exist for a long period of time. Its existence is not affected by the death, insolvency, lunacy or resignation of any of its members.

Problems (Weaknesses) of Cooperatives / Causes of Slow Progress

Despite rapid growth the overall progress of cooperative movement during 108 years of its existence is not very impressive.

- Internal and Structural weakness at primary level.
- Over-dependence on government for financial assistance.
- Restrictive provisions of cooperative law.
- Lack of professional management and lack of adequate infrastructure. Cooperatives still follow the traditional management techniques.
- Lack of proper policy support resulting to diminishing performance in mismanagement, inefficiency and corruption in the financing of cooperatives.
- The performance of cooperatives is not satisfactory.

Excessive Government Control and Political Interference.

- Lack of Good Leadership. People are not well aware about the objectives of the movement.
- The cooperative movement has also suffered on account of limitations on its working, size of these societies has been very small and most of societies have been single purpose societies.
- The cooperative movement has suffered from inadequacy of trained personnel right from its inception.

VIII. CONCLUDING REMARKS:

After independence, India marched ahead with central planning in order to achieve economic development. The new economic policy of globalization after eighties has

reduced the dominant role of the state. The pendulum of economic growth in India is swinging from over commitment of public sector to over enthusiasm of the private sector. The urban sector is growing impressively very fast in India . The growth rate of service sector has become very impressive but the agricultural sector has lagged behind. The problem of poverty and unemployment among common people poses a real dilemma between the role of the State and role of the market forces. The cooperatives have inherent advantages in tackling the problems of poverty alleviation, food security and employment generation. Cooperatives have immense potential to deliver goods and services in areas where both the state and the private sector have failed.

Cooperation occupies an important place in the economy of the nation. Today, the cooperative movement has made its presence felt in almost all walks of human life such as credit, production, marketing, development of scheduled castes and scheduled tribes etc.

IX. IMPORTANT IMPLICATIONS:

1. If the co-operative movement is to develop on perfect sound lines, the government should necessarily take immediate steps to curb the growth of vested interests in the movement as well as necessary action to prevent undue interference of the politicians.
2. In today's liberalized market driven economic environment, cooperatives have to reorient and readapt their structural functioning and management in order to protect themselves from the onslaught of vested interests.
3. Overdues can be minimized, if the loan is provided to those farmers who satisfy the test of technical feasibility and financial viability. Similarly, the measures for improvement in crop yield, remunerative price to crop produce, reasonable input prices and crop insurance etc. are also necessary to enhance the repayment capacity of particularly small farmers.
4. It is suggested that Central co-operative banks must focus attention on mobilization of low cost deposits as well as to concentrate on cheap borrowings in order to gain a

comfortable interest spread to ensure profit. It is observed that the members did not utilize the full part of loan for the intended purpose.

5. It is suggested that incentives can be given to honest repayers to create a better climate for repayment. The possibility of honoring best loanees and the best employees during cooperative week celebrations can be chalked out.

6. The government should introduce proper measures to help banks in taking possession of land belonging to wilful defaulters.

7. There are good relations between farmers, secretary and other staff. It helps to solve the difficulties of the farmers of society.

To conclude, it should be borne in the minds of all those who are the members and officials of the Co-operative Banks that co-operation should not be an end but it should be a means to improve the quality of life of the rural people.

“JAY MAHARASHTRA”

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