PRINCIPLES OF CO-OPERATION

COURSE CODE: B21CM11DE

Bachelor of Commerce

Discipline Specific Elective Course

Self Learning Material

SREENARAYANAGURU
OPEN UNIVERSITY

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The State University for Education, Training and Research in Blended Format, Kerala

SREENARAYANAGURU OPEN UNIVERSITY

Vision

To increase access of potential learners of all categories to higher education, research and training, and ensure equity through delivery of high quality processes and outcomes fostering inclusive educational empowerment for social advancement.

Mission

To be benchmarked as a model for conservation and dissemination of knowledge and skill on blended and virtual mode in education, training and research for normal, continuing, and adult learners.

Pathway

Access and Quality define Equity.

Principles of Co-operation

Course Code: B21CM11DE

Semester - V

Discipline Specific Elective Course
Bachelor of Commerce
Self Learning Material
(With Model Question Paper Sets)

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SREENARAYANAGURU
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MESSAGE FROM VICE CHANCELLOR

Dear learner,

I extend my heartfelt greetings and profound enthusiasm as I warmly welcome you to Sreenarayanaguru Open University. Established in September 2020 as a state-led endeavour to promote higher education through open and distance learning modes, our institution was shaped by the guiding principle that access and quality are the cornerstones of equity. We have firmly resolved to uphold the highest standards of education, setting the benchmark and charting the course.

The courses offered by the Sreenarayanaguru Open University aim to strike a quality balance, ensuring students are equipped for both personal growth and professional excellence. The University embraces the widely acclaimed "blended format," a practical framework that harmoniously integrates Self-Learning Materials, Classroom Counseling, and Virtual modes, fostering a dynamic and enriching experience for both learners and instructors.

The University aims to offer you an engaging and thought-provoking educational journey. The Bachelor of Commerce is one of the highly popular programmes due to the current need for skilled professionals in the field. This demand guided our approach as we developed the programme's curriculum. The programme offers a comprehensive grasp of theoretical concepts alongside clear explanations of practical applications. We are careful to maintain a balance in the management components to preserve the integrity of the discipline. The Self Learning Material has been thoughtfully crafted to include illustrative examples. The Self-Learning Material has been meticulously crafted, incorporating relevant examples to facilitate better comprehension.

Rest assured, the university's student support services will be at your disposal throughout your academic journey, readily available to address any concerns or grievances you may encounter. We encourage you to reach out to us freely regarding any matter about your academic programme. It is our sincere wish that you achieve the utmost success.

Warm regards.
Dr. Jagathy Raj V. P. 01-02-2026

Contents

1 BLOCK

INTRODUCTION TO CO-OPERATION

Unit 1
Introduction

Learning Outcomes

After completing this unit, the learner will be able to;

- ◊ comprehend the meaning and definition of cooperation.
- ◊ explain the features of cooperation.
- ◊ describe the importance of cooperation.
- ◊ explain the objectives and benefits of cooperation.

Prerequisite

Co-operation has been a vital aspect of human culture since ancient times. From the early days of hunting to the modern age the tendency of humans to think and act collectively has been a natural trait that has contributed to a happier life. This cooperative spirit has brought about major changes in both economic and social life. It represents a forward-moving phase in human development driven by the desire for growth and the aim to eliminate inequality. The story of human progress is closely tied to the story of co-operation, which is why it holds great value in today's economy. Co-operation involves mutual help and living and working together within families and communities. It is strongly linked to social life. Beyond simply living together co-operation means joining hands in efforts to support one another. Acting together for the benefit of all is a key principle of true co-operation.

In India, cooperatives have played a major role in social and economic development. A well-known example is Amul (Anand Milk Union Limited) in Gujarat. Amul brought together thousands of small dairy farmers ensured those fair prices for their milk and supplied high-quality dairy products to consumers across the country. This movement led to India's White Revolution, making the country one of the world's largest milk producers.

In Kerala, the Kerala Co-operative Milk Marketing Federation (Milma) is a leading example of cooperation. Milma organizes dairy farmers into cooperatives, collects their milk, and markets it under a common brand. This ensures steady income for farmers and provides consumers with pure affordable milk and milk products. The Kerala State Co-operative Marketing Federation (MARKETFED) is a leading example of cooperation in Kerala. It was established to support farmers by helping them market their agricultural produce and by providing essential inputs such as fertilizers, seeds, and pesticides. Through MARKETFED, farmers pool their produce and market it collectively, which helps them secure fair prices and avoid exploitation by middlemen. This cooperative system not only strengthens the agricultural economy but also promotes mutual help, collective effort, and equitable growth among farmers in the state.

Cooperatives continue to evolve today to help face present-day problems. Today, cooperatives go far beyond the original agricultural industry, which was the primary focus of the original cooperative movement. In addition to a large and highly successful employee-owned worker cooperative, Mondragon Corporation (based in Spain), which has operations across a wide range of industries including manufacturing and retail, there is also an emergence of cooperatives focused on sustainability and technology. The concept of Platform Cooperativism is based on cooperative ownership models in the digital economy. This provides workers in gig platforms (like Uber, Lyft, Airbnb) a degree of control and fair compensation for their labour. Additionally, cooperatives in the renewable energy sector, such as Energy Cooperatives in the U.S., and European countries, enable local communities to develop the ability to produce their own renewable energy, thus decreasing dependence on non-renewable energy sources and increasing sustainable development. Modern cooperatives serve as a demonstration of the cooperative movement's adaptability; they also represent a way to create an inclusive economic system that balances the need to generate profit with social and environmental responsibilities.

These examples show that cooperation not only improves the economic conditions of individuals but also strengthens communities and contributes to the overall progress of the nation.

Keywords

Cooperation, Cooperatives, Cooperative society

Discussion

1.1.1 Meaning of Cooperation

The term co-operation comes from the Latin word 'Co-operari', where 'Co' means together and 'operari' means to work. So, co-operation refers to working together. It involves people joining together to achieve a common goal. In order to work jointly mutual help is essential. Since individuals cannot meet all their needs on their own, they rely on one another for support. Co-operation, therefore, is a system developed by people, especially those from economically weaker sections, to meet their needs through mutual assistance.

1.1.1.1 Definition of Cooperation

V.L Mehta, the veteran co-operator of India, described co-operation as "co-operation is a vast movement which promotes voluntary association of individuals having common needs who combine towards the achievement of common economic ends".

Mr. H. Calvert: defines Co-operation as "A Form of organisation in which persons

voluntarily associate together as human beings on the basis of equality for the promotion of economic interests".

The Indian Co-operative Societies Act (1912) defines Co-operation as "A society which has its object to promote the economic interest of its members in accordance with co-operative principles"

1.1.1.2 Meaning and Definition of Cooperatives

The International Cooperative Alliance (ICA) gave an official definition in its meeting at Manchester in 1995. Thus, "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.

Cooperatives are member-driven organisations that are owned and managed by the people who use their services, working together to achieve shared goals. The profits earned are either reinvested into the business or distributed among the members.

1.1.1.3 Meaning of Cooperative Society

An independent, open, and voluntary group formed by individuals from the weaker sections of society to fulfil their shared social, economic, and cultural needs and aspirations through a jointly owned and democratically managed enterprise guided by cooperative values and principles.

"Co-operative Societies can help the transformation from Capitalism to Socialism and finally to Communism". – Lenin

The core concept of Co-operation is "Self Help and Mutual Help"

1.1.1.4 Features of Cooperation

1. Association of Persons

People with limited income often come together to form a co-operative society to fulfil their shared needs collectively. These societies operate on the principle of "each for all and all for each. In a co-operative society, the focus is more on the individual members rather than capital. To establish such a society, at least 10 people from different families are needed.

2. Voluntary Association

Membership in a co-operative society is entirely voluntary. Factors such as caste, creed, religion, or financial status are not taken into account for joining. No one is forced to become a member, nor is anyone obligated to leave the society. Every individual has the freedom to choose whether or not to join. Therefore, a co-operative society is considered a voluntary organisation.

3. Common Objectives

Members join a co-operative society with a shared purpose. People with similar needs unite to achieve their common goals by forming such a society. For instance, those seeking housing may come together to establish a Housing Co-operative Society.

4. Democratic Organisation

A co-operative society functions as a democratic organisation where members hold greater importance than the capital they contribute. Regardless of how much capital a member invests, the principle of "one member, one vote" is followed. The society is managed in a democratic way through elected representatives of the members, known as the Managing Committee. This democratic governance forms the core of the co-operative movement.

Germany's Solar Union is a cooperative that empowers communities to develop, own and operate their own collective solar energy developments. This way, the Solar Union cooperatives the production of electricity, thus allowing all member-owners an equal voice in the decision-making process for producing sustainable energy and therefore sharing the financial gains (profits) that come with sustainable energy production and distribution. The Solar Union promotes both environmental and economic benefits to its members.

5. Equality

When admitting a member into a co-operative society factor such as caste, creed, colour, religion, economic background, capital investment, or social standing are not considered. No member is regarded as superior or inferior. Everyone enjoys the same rights and powers within the society. All members are treated equally, making equality a fundamental principle of co-operation.

6. Organisation for the Upliftment of the Underprivileged

People with limited financial means often cannot enhance their economic situation by themselves. To overcome this, they join together, combining their efforts and unity to strengthen their position. This collective strength helps protect them from economic exploitation by moneylenders, traders, and agents. Hence, a co-operative society is formed as a union of economically weaker sections of society.

7. Service Motto

The primary aim of a co-operative society is to serve its members, while making a profit is only a secondary goal. However, it must still generate sufficient income to cover its administrative costs. The society strives to offer quality services at the lowest possible cost. Any profit earned through financial activities is reinvested to improve the services provided to its members.

8. Self-help through Mutual help

In a co-operative society, mutual support among members is of great importance. Members work together to promote their individual economic growth and well-being through collective assistance. For example, a credit co-operative society gathers monthly contributions from its members and provides loans to those in need. These loans are given without requiring any collateral, and members can repay them through convenient monthly instalments. Essentially, the loan represents financial support extended by the entire group to one member.

9. Elimination of Middlemen

In many financial transactions, middlemen are commonly involved. However, co-operative societies operate without them. Middlemen usually make profits from such transactions, which increases the price of goods. They often engage in unfair practices like adulteration, inaccurate measurements, and other forms of cheating, leading to consumer exploitation. Consumers and members are financially burdened by these layers of intermediaries such as wholesalers, traders, and brokers. Co-operative societies avoid this by purchasing directly from manufacturers and supplying goods straight to their members and consumers. By removing middlemen, members receive better quality products at fair prices. This absence of intermediaries is a key characteristic of co-operative societies.

For example, food cooperatives like Farm Drop in the UK allow local farmers to sell directly to consumers, ensuring fair prices for both parties while reducing reliance on distributors and grocery chains, leading to more sustainable and transparent supply chains

1.1.1.5 Importance of cooperation

Co-operative organisations contribute significantly to the economic progress of a country. In today's social framework, co-operation holds great value. It has been instrumental in advancing both rural and urban regions. Considering this, the importance of co-operation can be better understood through the following points.

1. Consolidation of society

In a co-operative system, the focus is placed on the welfare of the community rather than individual gains. Co-operation helps reduce discrimination based on religion, caste, gender, race, and other differences, promoting equality for all. This leads to greater unity, mutual understanding, and social harmony, ultimately contributing to the creation of a more integrated and cohesive society.

2. Development of the Agricultural Sector

The co-operative movement in India initially began to offer financial support to the agricultural sector. Co-operative credit societies were formed to provide low-interest loans for purchasing seeds, fertilisers, pesticides, equipment, electric pumps, tractors, pipelines, and similar essentials. This financial assistance led to increased agricultural production, contributing to the overall development of the farming sector.

3. Development of the Industrial sector

Small-scale producers, craftsmen, artisans, and labourers join hands to form industrial co-operative societies. These societies buy raw materials in bulk and market the finished products on behalf of their members. They play a key role in promoting small-scale and cottage industries. As a result, agriculture-related businesses and agro-based processing industries also see growth. The establishment of sugar factories, co-operative cotton mills, and co-operative oilseed processing units has significantly contributed to the development of the industrial sector.

4. Employment Generation

Co-operative societies contribute significantly to the generation of large-scale employment. Co-operative sugar factories, spinning mills, and oil processing units create numerous job opportunities. In addition to direct employment, they also provide indirect work for agricultural labourers, sugarcane cutters, transport workers, and various service providers. Moreover, co-operative societies require staff to manage their daily operations. As a result, the growth of co-operative societies has led to a notable increase in employment opportunities.

5. Control on Monopolies

In rural areas, farmers often relied on moneylenders who charged very high interest rates. The formation of co-operative credit societies has helped reduce the dominance of these moneylenders, as well as limited the involvement of middlemen and traders. As a result, consumers are safeguarded from the negative effects of monopoly. In this way, co-operative societies help in controlling monopolistic practices.

6. Equitable Distribution of Surplus

The surplus or profit earned by the co-operative society is shared among its members based on the amount of share capital they hold and the volume of business they conduct with the society. This fair distribution of surplus ensures that all members receive a portion of the profit, leading to their economic growth and development.

7. Elimination of Middlemen

Co-operative societies buy products directly from manufacturers and sell them to consumers, thereby removing the need for middlemen. Some of these societies also set up effective systems for selling agricultural produce, allowing member farmers to avoid dealing with agents and intermediaries. This protects them from being exploited. As a result, farmers receive fair prices for their goods, and consumers benefit from purchasing products at affordable rates. Co-operative societies also help prevent issues like adulteration, exploitation, artificial shortages, and excessive profits by middlemen. In this way, they play a key role in eliminating intermediaries.

8. Democratic Education

The management of a co-operative society is carried out in a democratic way. The general body holds the highest authority within the society, and all major decisions are made by members during general body meetings following democratic procedures. The principle of 'one member, one vote' is followed in Indian co-operative societies. Through participation in co-operative activities, people gain practical experience in democracy, which in turn helps to strengthen the democratic system of the country.

1.1.1.6 Objectives of cooperation

A cooperative society does business for social, economic, and cultural objectives.

1. Social Objectives

The important social objectives are as follows

i. Development of Society: Cooperatives work toward the sustainable progress of society by removing social inequalities and promoting collective welfare.

ii. Removal of Exploitation: They help members overcome social, economic, and cultural exploitation, striving to create an equitable community.

iii. Encouraging Self-Help: The spirit of cooperation fosters self-reliance among members encouraging them to work together for mutual benefit.

iv. Improving Living Standards: Cooperatives aim to raise the standard of living of their members ensuring they enjoy dignity and respect in society.

v. Reducing global inequality: International cooperatives are working to bridge the wealth gap

2. Economic Objectives

i. Raising Income: All cooperative activities are directed toward enhancing members' income, enabling them to lead better lives.

ii. Reducing Economic Inequality: Cooperatives promote economic equality by minimising the gap between the rich and the poor.

iii. Removing Middlemen: By directly connecting producers and consumers, cooperatives eliminate intermediaries who exploit both sides.

iv. Empowering the Weak: They help economically weaker sections integrate into the mainstream economy and improve their financial position.

v. Enhancing National Wealth: Through income generation and asset creation, cooperatives contribute to the overall economic growth of society.

vi. Promotion of Ethical Investing: Cooperative societies promote ethical investing by funding projects that prioritise social responsibility, environmental sustainability, and fair labour practices, ensuring investments contribute positively to society.

vii. Promotion of Sustainable Finance: Cooperatives foster sustainable finance by supporting investments that focus on long-term environmental and social well-being, promoting development while preserving resources and improving quality of life

3. Moral Objectives

i. Providing Cooperative Education: Education and awareness among members are vital for the growth of cooperatives helping them think and act collectively.

ii. Fostering Mutual Help: Cooperation transforms self-help into mutual help, nurturing a sense of solidarity and teamwork.

iii. Promoting Ethical Values: Cooperative societies uphold values like honesty, equality, openness, and self-reliance, guiding members toward moral and responsible living.

iv. Global peace and ethical trade practices: Fair Trade Co-operative societies which make sure their workers in poor countries get paid fairly and work in a safe environment. This helps to promote a much fairer and peaceful way of trading globally

1.1.1.7 Benefits of Cooperation

Cooperation serves as an effective tool for reducing inequalities and bridging disparities in wealth distribution. Across many countries, it has been recognised as a mechanism for promoting sustainable development. It is often seen as a middle path between the extremes of capitalism and socialism. The key benefits of cooperation as a socio-economic movement include:

i. Focuses on improving the material well-being of people, especially the underprivileged.

ii. Ensures optimal use of all factors of production.

iii. Provides regular returns and benefits from the assets created.

iv. Follows a distinctive approach for sharing surplus among members.

v. Eliminates exploitation in all forms.

vi. Maintains joint ownership of production resources.

vii. Promotes fair distribution of wealth, benefiting all sections of society.

viii. Encourages prosperity and harmony among people.

ix. Fosters healthy relationships across different social groups.

x. Contributes to both economic and social equilibrium.

xi. Acts as a stabilizing force in economic activities.

xii. Upholds social order and moral values in human life.

xiii. Places significant emphasis on education.

xiv. Recognizes that educating and enlightening people is essential for the success of the movement.

xv. Cultivates ethical values and promotes moral development in society.

xvi. Innovation through collective efforts

Recap

- ◊ Cooperation means working together to achieve a common objective.
- ◊ The term co-operation comes from the Latin word ‘Co-operari’, where ‘Co’ means together and ‘operari’ means to work. So, co-operation refers to working together.
- ◊ Cooperatives are member-driven organisations that are owned and managed by the people who use their services, working together to achieve shared goals.
- ◊ The objectives of cooperation include social, economic, and moral objectives
- ◊ The primary aim of a co-operative society is to serve its members, while making a profit is only a secondary goal
- ◊ The core concept of Co-operation is Self Help and Mutual Help.

Objective Questions

1. Which word is the term 'Co-operation' derived from
2. What does Co-operation refers to?
3. What is the primary aim of Co-operative Society?
4. What is the core concept of Co-operation?
5. Who benefits in a Co-operative Organisation

Answers

1. Co-operari’
2. Working together for a common purpose
3. serve its members
4. Self help and mutual help
5. Members

Self-Assessment Questions

1. Define cooperation?
2. Explain the meaning of Cooperative Society?
3. Describe the features of Cooperation?
4. Discuss the objectives of Cooperation?
5. Explain the importance of Cooperation?
6. What are the benefits of Cooperation?

Assignments

1. Evaluate how the social, economic, and cultural objectives of cooperation promote sustainable community development.
2. Critically analyse how cooperation benefits both individual members and society as a whole.
3. Explain in what ways does a cooperative society differ from a profit-oriented business organization in terms of objectives and management structure?
4. Critically assess how cooperative organizations contribute to poverty reduction, employment generation, and sustainable community growth.
5. Cooperation is both an economic system and a social movement Justify this statement by explaining how cooperation serves as a bridge between economic efficiency and social welfare.

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Unit 2
Different Aspects of Co-operation

Learning Outcomes

After completing this unit, the learner will be able to;

- ◊ comprehend the economic aspects of cooperation
- ◊ explain the social aspects of cooperation
- ◊ describe social aspects of cooperation

Prerequisite

Cooperation is a system in which individuals or groups voluntarily join together to achieve common economic, social, or cultural objectives. It is based on mutual help, equality, and democratic management, allowing members to work together for shared benefits. Unlike systems that depend on force or strict control, cooperation relies on voluntary participation and gradual progress. It can be understood through various aspects such as economic, social, and organizational which show how cooperative movements help in community development, social welfare, and fair distribution of resources.

Keywords

Economic aspects, social aspects, moral aspects

Discussion

Cooperation is not limited to being just a business model. It is a comprehensive socio-economic movement that addresses human needs on economic, social, and moral grounds. Unlike ordinary business enterprises, which focus mainly on profit, cooperation focuses on mutual help, equality, and collective progress. It aims to uplift weaker sections, reduce exploitation, and bring fairness into economic and social life.

1.2.1 Economic Aspects of Cooperation

The economic aspect is considered the most visible and practical side of cooperation because it directly affects the financial well-being of members. In simple terms, it focuses on improving the standard of living by meeting common economic needs through collective effort.

1. Meeting Common Needs

Individuals, especially those from weaker sections, often cannot fulfil their needs on their own due to limited resources. By joining a cooperative, they pool their resources and gain access to essential goods and services at fair prices. Example: Farmers pooling funds to buy seeds, fertilisers, or machinery at lower costs.

2. Elimination of Middlemen

Traditionally, producers rely on middlemen who take a large share of the profit, leaving producers underpaid and consumers overcharged. Cooperatives remove these intermediaries by establishing a direct link between producers and consumers, ensuring fair trade for both sides. Example: AMUL dairy farmers sell milk directly through the cooperative, cutting out traders.

3. Fair Distribution of Surplus

Unlike private businesses, where profit is concentrated in a few hands, cooperatives distribute surplus fairly among all members, usually in proportion to their participation. This prevents inequality and ensures that benefits are shared by all. Example: A consumer cooperative distributes part of its annual surplus back to members as a dividend.

4. Promotion of Savings and Self-Reliance

Cooperatives encourage members to save regularly and contribute to share capital. This reduces dependence on moneylenders and external sources. It builds a habit of financial discipline and promotes economic independence. Example: Credit cooperatives collect small savings from villagers and use the funds to provide low-interest loans.

5. Employment Generation

Cooperatives often set up businesses such as dairies, processing units, banks, and shops, which create jobs for members and non-members alike. This not only reduces unemployment but also develops local economies. Example: Sugar cooperatives in

Maharashtra provide seasonal and permanent jobs to thousands of rural workers.

6. Strengthening Bargaining Power

Individually, small farmers, workers, or consumers have little influence in the market. But when they unite in a cooperative, their collective bargaining power increases, helping them negotiate better prices and terms. Example: Farmer producer organisations (FPOs) bargain with suppliers for lower input costs and sell crops in bulk for better returns.

7. Contribution to Economic Stability

By ensuring fair prices, providing credit, and reducing exploitation, cooperatives create an environment of stability in local economies. They act as a cushion for weaker sections against market fluctuations. Example: During price hikes, consumer cooperatives sell essential goods at stable and affordable prices.

1.2.2 Social Aspects of Cooperation

While economic development is important. Societies cannot thrive on financial progress alone. Social harmony, equality, and solidarity are equally essential. The cooperative movement plays a significant role in building stronger social bonds and promoting community well-being.

1. Promotion of Unity and Solidarity

Cooperation unites people from different social, cultural, or economic backgrounds. By working together, members experience a sense of belonging and brotherhood, reducing divisions in society. The International Co-operative Alliance plays a key role in fostering global solidarity by uniting cooperatives worldwide to address challenges like poverty, climate change, and sustainable development through collective action.

Example: In rural cooperatives, farmers of different castes or income groups come together with a shared goal, promoting social integration.

2. Social Equality and Justice

In cooperatives, every member is equal regardless of wealth, caste, or religion. Decisions are made democratically, "one member, one vote" unlike in companies where power depends on investment. This ensures fairness and prevents domination by the rich. Example: In a credit cooperative a small farmer and a large landowner both have equal voting rights in decision-making.

3. Development of Community Life

Cooperatives often go beyond their primary business and invest in welfare projects such as schools, hospitals, community halls, and housing. This strengthens the quality of community life and fosters local development.

Example: Dairy cooperatives in Gujarat use part of their surplus to fund rural schools and healthcare facilities.

4. Training in Democratic Values

Cooperation is described as a "mini-school of democracy." Members learn leadership, participation, discipline, and responsibility by taking part in meetings and decision-making processes. This builds a culture of democratic living at the grassroots level. Example: In housing cooperatives, residents elect their managing committee through democratic voting

5. Reduction of Social Conflicts

By emphasising mutual help and shared benefits, cooperatives reduce jealousy, competition, and conflict within communities. Instead of working against each other, members learn to work together for common welfare. Example: In fishing cooperatives, fishermen share facilities like boats, nets, and storage, which reduces disputes over resources.

6. Empowerment of Marginalised Groups

Cooperatives empower weaker sections, especially women, small farmers, and labourers, by giving them a platform to participate in decision-making and community life. Example: Women's self-help groups (SHGs) in India act as cooperatives, giving rural women access to micro-loans and collective businesses, which improves their social status.

Cooperative platforms for gig economy workers provide a collaborative model where workers can collectively manage their tasks, share resources, and negotiate better wages and working conditions, ensuring fair treatment and economic security

7. Building a Spirit of Service and Responsibility

Social Cooperatives nurture values such as responsibility, honesty, and service to others. Members learn that progress is meaningful only when the entire community advances together. Example: Consumer cooperatives selling food at affordable prices during crises (such as floods or price hikes) demonstrate social responsibility.

1.2.3 Moral Aspects of Cooperation

Cooperation is not only an economic and social system but also a moral and ethical movement. Its foundation lies in principles of honesty, fairness, justice, and service. Unlike profit-driven enterprises, cooperatives emphasise service to members and society as their main goal. They aim to create an environment where business is conducted ethically, with respect for human dignity and equality.

1. Ethical Business Practices

Cooperatives maintain honesty and transparency in their dealings. Unlike many profit-driven businesses that may engage in unfair practices such as adulteration, overpricing, or false advertising, cooperatives ensure fairness in trade. Example: Consumer cooperatives sell goods at genuine prices without adulteration or exploitation, ensuring customers get fair value.

2. Service not profit

The primary aim of cooperation is not to maximise profits but to serve members. Profit is secondary and used mainly for the welfare of members or reinvested for community development. Example: Health cooperatives provide affordable medical services to members, prioritising healthcare over financial gain

3. Values of Brotherhood and Mutual Help

Cooperation develops a spirit of selflessness and sacrifice. Members work for collective welfare rather than individual benefit. It nurtures values of brotherhood, solidarity, and teamwork. Example: Fishermen in a cooperative share nets and boats, helping each other during lean seasons rather than competing aggressively.

4. Fight against Exploitation

Cooperatives protect members from exploitation by moneylenders, landlords, or monopolistic traders. They act as instruments of justice and fairness, ensuring the weaker sections are not victimised. Example: Credit cooperatives provide small farmers with low-interest loans, freeing them from the cycle of debt and exploitation by moneylenders.

5. Human Dignity and Equality

Cooperation treats all members equally, irrespective of wealth, caste, gender, or social background. It ensures respect and inclusion, which is essential for human dignity. Example: In a cooperative, both a landless labourer and a rich farmer enjoy the same voting rights "one member one vote".

6. Long-Term Welfare and Sustainability

While profit-driven businesses may focus on short-term gains, cooperatives aim for sustainable and fair growth. They balance economic activities with social and environmental responsibility. Example: Agricultural cooperatives promote eco-friendly farming techniques to ensure long-term soil fertility and food security, instead of only focusing on immediate profits.

7. Promotion of Moral Values in Society

Cooperation creates an environment where honesty, trust, and fairness are respected. It discourages selfishness, greed, and exploitation. Over time, this nurtures a more ethical society. Example: Fair-trade cooperatives in coffee and cocoa ensure farmers in developing countries are paid fair wages, encouraging justice in international trade.

Recap

- ◊ Economic aspects of cooperation focus on improving the standard of living by meeting common economic needs through collective effort.
- ◊ Cooperation is not only an economic and social system but also a moral and ethical movement
- ◊ The cooperative movement plays a significant role in building stronger social bonds and promoting community well-being.
- ◊ Modern cooperatives face challenges such as digitalisation and globalisation, but these are being addressed through the adoption of cooperative tech platforms and the integration of e-commerce models, enabling cooperatives to stay competitive and expand their reach in a rapidly evolving market.

Objective Questions

1. What is the base of the moral aspect of co-operation?
2. What moral principle forms the basis of Co-operation?
3. Which economic problem does co-operation mainly aim to solve?
4. Which economic advantage is gained through co-operation?
5. Which group mainly benefits socially from co-operation?

Answers

1. Service to others
2. Trust and honesty
3. Exploitation of middlemen
4. Economics of scale
5. Members and the community

Self-Assessment Questions

1. Define cooperation and explain the social aspects of cooperation
2. Describe the moral aspects of cooperation
3. Explain the social aspects of cooperation.
4. What is the importance of honesty in cooperative societies?
5. Examine the role of cooperation in promoting equality and social justice.

Assignments

1. Explain in detail the social and moral aspects of cooperation. Discuss how these aspects contribute to the success of cooperative societies.
2. "Cooperation is not merely an economic movement but a social and moral one." Examine this statement with suitable examples.
3. Discuss how cooperation helps in promoting social unity, equality, and community development in modern society.
4. Analyse the importance of moral values such as honesty, equality, and mutual trust in the functioning of cooperative organisations.
5. Explain how cooperation acts as an instrument for social change and moral upliftment in society

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2

BLOCK

Co-operation and Other Economic Systems

Unit 1
Co-operation and Political System

Learning Outcomes

After completing this unit, the learner will be able to;

- ◊ comprehend the meaning of capitalism
- ◊ differences between co-operation and capitalism
- ◊ explain the merits and demerits of capitalism
- ◊ explain the meaning of socialism and communism
- ◊ describe the merits and demerits of socialism and communism
- ◊ differences between co-operation and socialism and cooperation and communism.

Prerequisite

In a coastal area, three neighbouring villages Blue Bay, Green Shore, and Red Harbour each had their own way of catching and sharing fish. In Blue Bay each fisherman owned his own boat and nets. Those who worked harder or used better techniques caught more fish and earned more money. Competition encouraged new ideas, but some fishermen became very rich while others remained poor. In Green Shore the government owned the boats and equipment. Fishermen were paid fixed wages, and the fish were sold at fair prices. The money earned was used to build schools and hospitals, showing government ownership and focus on public welfare. In Red Harbour no one owned the boats all villagers worked together to catch fish, and the total catch was shared equally among all families. Everyone got the same amount of fish, whether they caught more or less.

The story of the three fishing villages shows how different economic systems work. In Blue Bay each fisherman owned his boat and earned money based on his hard work. This is an example for capitalism in green shore the government owned the boats and shared the money earned for the welfare of everyone. This story is an example for socialism. In Red Harbour all villagers worked together and shared the fish equally. This is an example for communism. This unit discusses different forms of economic systems such as capitalism, socialism, and communism.

Keywords

capitalism, socialism, communism.

Discussion

Every society needs an economic system to organize the production and distribution of goods and services. People must decide what to produce, how to produce, and for whom to produce. To answer these basic economic questions, different systems have developed over time such as Capitalism, Socialism, Communism, and Cooperation.

Understanding these systems helps us know how economies function and how resources are shared among people. It also helps us compare their advantages, disadvantages, and social effects. In the previous block, we have understood the concept of cooperation as an important form of economic organization. In this unit, we will study the major economic systems such as Capitalism, Socialism, and Communism and examine how the cooperative system compares with these three forms of economic systems in terms of their objectives, principles, and social impact.

2.1.1 Capitalism

2.1.1.1 Meaning of Capitalism

Capitalism is an economic system in which all means of production and the distribution of goods and services are owned and controlled by private individuals. In this system, businesses and industries are operated for profit by private enterprises with minimal government intervention. Investors contribute capital to earn profits and hire workers, compensating them with wages for their labour.

Capitalism is a system in which individuals or companies privately own resources like land and factories and use them to produce goods or services with the goal of making money or profits.

2.1.2 Features of Capitalism

The key characteristics of capitalism are:

1. Private ownership of the means of production and resources.
2. Management of production primarily for personal profit.
3. Freedom of enterprise and the right to enter into contracts.
4. Conflicts between labour and capital due to differing interests.
5. Minimal government interference in economic activities.
6. Potential exploitation of individuals by others for profit.
7. Class conflicts leading to social struggles.
8. Market competition acting as the main regulator of prices and business operations.
9. Significant economic inequality between the rich ('haves') and the poor ('have-nots').

Apple Inc. is an example of capitalism, as it is privately owned, profit-driven, and operates based on market demand.

2.1.3 Advantages of Capitalism

1. Economic efficiency

Competition among producers encourages efficiency. Each firm tries to reduce production costs and improve quality to earn more profit. As a result, resources are used in the best possible manner and wastage is minimised. For example, Automobile companies like Tata Motors and Hyundai compete to produce fuel-efficient cars. Amazon has improved logistics by using AI, machine learning, and automation to speed up deliveries and reduce costs. This has set new standards in e-commerce, driving global economic efficiency and benefiting consumers.

2. Innovation and Technological Progress

The desire for profit motivates firms to innovate and adopt new technologies. Capitalist economies encourage research and invention leading to rapid technological development.

3. Consumer choice

Capitalism provides a wide variety of goods and services. Consumers are free to choose products based on taste, income, and preference. Producers respond to consumer demand to remain competitive.

4. Incentive for hard work

People are rewarded according to their ability and effort. Hard work, creativity, and risk-taking bring higher income and social recognition. This motivates individuals to work efficiently and be productive.

5. Economic Growth

Private investment, entrepreneurship, and competition encourage industrial and business expansion. This leads to higher production, employment, and national income.

6. Decentralised decision making

In capitalism, individuals and firms make their own production and investment decisions without government control. This allows flexibility and quick adaptation to market changes

7. Encourages entrepreneurship

Capitalism provides freedom and opportunities for individuals to start businesses and earn profits. It promotes creativity, innovation, and job creation. For example, the rise of start-ups like Zomato and Ola shows how capitalism supports entrepreneurship.

2.1.4 Disadvantages of Capitalism

1. Economic inequality

Wealth and income are unevenly distributed. The rich accumulate more wealth while the poor struggle to meet basic needs. This leads to a wide gap between different sections of society.

2. Exploitation of workers

To maximise profit, employers may pay low wages, extend working hours, or provide unsafe working conditions. Workers often have less bargaining power than employers.

3. Consumer Exploitation

Producers may form monopolies or fix prices to earn excessive profits. False advertising and inferior products may also exploit consumers.

4. Social injustices

Capitalism tends to favour the wealthy who control resources and power. The poor and marginalised groups may be deprived of education, healthcare, and opportunities for advancement.

5. Economic inability

Capitalist economies often experience cycles of boom and depression. Overproduction, speculation, or market crashes lead to unemployment and business failures.

6. Neglect of social welfare

Private firms focus on profit, not public welfare. Essential services like healthcare, education, and environmental protection may be neglected unless provided by the government.

For example, in purely capitalist systems, rural healthcare and low-cost housing often remain underdeveloped.

7. Moral and Ethical Issues

Excessive competition and desire for profit can lead to selfishness, corruption, and moral decline. People may value money more than honesty or community service

2.1.5 Comparison Between Capitalism and Co-Operation

Table 2.1.1: Comparison Between Capitalism and Co-Operation

Basis	Capitalism	Co-operation
Role of Capital	Capital is the primary driving force for business decisions, investments, and production largely depend on the availability and control of capital.	Capital is considered as secondary driving force. The main focus is on people working together and decisions are based on the collective benefit of members rather than just financial resources.
Motive	The principal aim is to earn profit and maximize wealth for owners or shareholders.	The primary motive is to serve members' needs and provide mutual benefits, such as affordable goods, services, or financial assistance.
Union	Capitalism combines money and resources to generate profit, often leading to competition among owners.	Cooperation combines people who work collectively to achieve common objectives, promoting teamwork and shared responsibility.
Voting Rights	Voting power is proportional to the amount of capital invested in the business.	Every member has an equal vote regardless of how much capital they contribute, ensuring democratic decision-making.
Ownership	In a capitalist system, the wealthy or owners often have control over workers and resources, sometimes treating labour as a means to an end.	In cooperatives, members collectively own and manage resources giving them control over decisions and outcomes.
Wealth Distribution	Wealth tends to accumulate in the hands of a few capitalists, leading to inequality and social stratification.	Wealth and benefits are shared among members, reducing disparities and promoting social and economic equality.
Competition	Intense competition drives innovation but can also lead to unethical practices, resource wastage, and exploitation.	Minimal or no internal competition exists; members collaborate instead of competing, fostering stability and long-term growth.
Business Relationship	Relationships are impersonal and transactional, focusing on profit rather than personal bonds.	Emphasises personal and ethical relationships among members, promoting trust, cooperation, and community spirit.

2.1.6 Socialism

Socialism is a system where the government controls all resources and industries. It is seen as a way to solve the problems created by capitalism. In this system, the government is the main authority and manages production for the benefit of everyone in society, not for individual profit. It is a planned system that focuses on the overall welfare and development of people in society.

> Socialism is an economic and social system in which the means of production and distribution (like land, factories, and resources) are owned, controlled, and regulated by the government or the community as a whole.

2.1.7 Features of Socialism

- ◊ All means of production are controlled and managed by the state.
- ◊ Private ownership of property is limited or restricted.
- ◊ The state takes responsibility for creating and providing employment opportunities.
- ◊ Centralised planning is used to achieve economic and social objectives.
- ◊ The state is responsible for providing essential social services.
- ◊ It is the duty of the state to guarantee a fixed income for everyone.
- ◊ Any surplus generated from production belongs to the state and is used for public welfare.
- ◊ Wages are determined according to the needs and skills of workers.
- ◊ Exploitation of individuals is completely removed.
- ◊ The system ensures equality among all citizens.

2.1.8 Merits of socialism

- ◊ Since the state controls and manages all operations, it accumulates large funds which can be used to provide public amenities such as education, healthcare, nutrition programs (like free milk for children), and recreational facilities.
- ◊ Productive resources are properly organised and used efficiently under state control, avoiding waste and ensuring maximum output.
- ◊ Tasks that are usually neglected by people are handled by machines, allowing individuals to focus on more meaningful and higher goals in life.
- ◊ Equal opportunities are provided to everyone to progress to higher positions, which leads to the overall upliftment and betterment of the masses in a socialist system.

2.1.9 Demerits of socialism

While socialism aims to create equality and social welfare, it also comes with certain challenges and limitations. Some of the main disadvantages are:

a. Loss of Individual Freedom

In socialism, the government controls most jobs, industries, and property. People cannot freely start their own businesses or choose work based only on their personal interests. For example, a person who wants to open a small shop may not get permission because all trade is managed by the state. This limits creativity, independence, and personal choice.

b. Inefficiency in Production

Since the goal is service and not profit, workers and managers may not feel the need to work efficiently. There is little competition to encourage better performance. Over time, this can lead to wastage of resources and lower productivity. Without profit or reward for hard work, industries may become slow and unproductive.

c. Risk of Bureaucracy

A socialist system requires many government departments and officials to manage the economy. This leads to too much paperwork, rules, and slow decision-making. When decisions have to go through many offices, work gets delayed. This kind of red tape can make the whole system rigid and less flexible.

d. Lack of Innovation

In socialism, there are few private businesses and limited chances to earn profits. As a result, people have less motivation to create new products or technologies. Without competition, industries may not try to improve quality or reduce costs. This can make the country technologically backward and dependent on others for modern inventions.

e. Misallocation of Resources

Government planners decide what goods should be produced and in what quantity. But they may not always understand what people actually need. This can lead to too much production of one item and a shortage of another. For example, there might be more machines and fewer consumer goods like clothes or food items. This causes waste and dissatisfaction among people.

f. Neglect of Consumer Choice

In socialism, production is based on planning rather than what people want to buy. This means consumers get fewer choices and less variety in products. For example, everyone might have to buy the same type of clothing or vehicle made by the state. Over time, this can lower living standards and satisfaction.

g. Low Motivation to Work

If everyone is paid the same and has job security, people may not feel motivated to work harder or develop new skills. There is little reward for extra effort or innovation. As a result, production levels may go down and the overall economy may grow slowly.

h. Risk of Corruption

. When the government controls large industries, money, and property, some officials may misuse their power for personal benefit. Corruption, favouritism, and misuse of resources can become common because there is less transparency and accountability in a centralised system.

i. Slower Economic Growth

Socialism discourages private investment and competition. Since innovation and efficiency are low, the overall pace of growth remains slow. Without profit incentives, industries may not expand or modernise. As a result, national income and employment may not increase as quickly as in capitalist or mixed economies.

Both Cooperation and Socialism strive for collective well-being, yet they differ in their structure and methods. Cooperation refers to a voluntary union of individuals who join together to fulfil shared economic goals through mutual assistance and democratic management. It upholds the values of equality, self-reliance, and voluntary participation, granting every member equal voting rights under the principle of "one member, one vote." Earnings in cooperatives are shared among members according to their contribution or involvement. In contrast, Socialism is an economic system where the state owns and controls the means of production and distribution to promote equality and social justice. It seeks to eliminate class divisions and ensure the welfare of all citizens, though it often reduces individual economic freedom due to centralised state authority. Hence, while cooperation encourages democratic participation and self-help among individuals, socialism focuses on state ownership and planned economic control for the overall benefit of society.

2.1.10 Comparison Between Socialism and Co-Operation

Table 2.1.2 : Comparison Between Socialism and Co-Operation

Basis of Comparison	Co-operation	Socialism
Meaning	A voluntary association of people who work together for mutual benefit.	An economic system where the means of production and distribution are owned and controlled by the state.
Ownership	Owned and managed by members (individuals).	Owned and managed by the government or the community as a whole.
Motive	Service to members and mutual help.	Welfare of society and equitable distribution of wealth.
Formation	Formed voluntarily by people with common economic interests.	Established and enforced by the state.
Control	Democratic control one member, one vote.	Centralised control decisions are made by the government or central authority.

Distribution of Profit	Profits are distributed among members based on participation or patronage.	Profits go to the state and are used for public welfare.
Role of the State	Limited government involvement, mainly for regulation and support.	Strong state control over production and distribution.
Individual Freedom	Individuals retain the freedom to join or leave cooperatives.	Individual freedom is restricted in economic matters.
Examples	Dairy cooperatives, credit societies, housing cooperatives.	Soviet Union (former), Cuba, North Korea (examples of socialist systems).
Main Focus	People's participation and self-help.	Equality and elimination of class differences.
Formation	Form through voluntary association	Enforced by the state

2.1.11 Communism

Communism originated from the ideas of Marxian philosophy, which were presented in the book The Communist Manifesto, written by Karl Marx in collaboration with Friedrich Engels and published in 1848. Communism is a type of socialism where everything is owned by the community. People work based on what they can do and receive what they need. It was practised in the former Soviet Union. Communism is a political and economic system where all property and resources are owned collectively, aiming to eliminate social classes and promote equality.

Communism means "sharing everything equally" so that no one is exploited or left behind.

2.1.12 Features of Communism

1. It stands for a revolutionary change in the economy
2. It predicts a society that is classless
3. All means of production such as land, factories, and resources are owned collectively by the community or the state.
4. Communism aims to eliminate class divisions between the rich and the poor, creating social and economic equality.
5. Private ownership of productive resources is not allowed; everything is held in common for the benefit of all
6. Economic activities are planned and controlled by a central authority to ensure equal distribution of resources.
7. Wealth and income are distributed based on needs rather than effort or investment.
8. Production is carried out to meet people's needs, not for earning profit.
9. The government (representing the community) manages production, distribution, and pricing.

10. Communism often emerges through revolution, overthrowing capitalist systems and private ownership.
11. The ultimate goal of communism is a society without classes or state control, where cooperation replaces authority.

2.1.13 Advantages of Communism

1. Promotes Social Equality

Communism fosters a society where individuals are treated equally, regardless of wealth or status. Everyone has the same access to essential resources like food, shelter, education, and healthcare. This system helps eliminate social classes and narrows the gap between the rich and the poor.

2. Prevents Worker Exploitation

Since the community or state owns all productive assets like land, factories, and equipment there are no private owners profiting from others' labour. The value generated by workers is distributed fairly, ensuring no one benefits disproportionately from someone else's effort.

3. Focus on Collective Welfare

The central goal of communism is to uplift the entire society rather than serve individual financial interests. The government guarantees universal access to vital services such as education, healthcare, and jobs, aiming to eradicate poverty and enhance the overall quality of life.

4. Guaranteed Employment

In a communist economy, every person is assigned a role based on their talents and capabilities. The concept of unemployment doesn't exist, as everyone contributes to the production process. The state ensures that all labour resources are effectively utilised.

5. Encourages Cooperation Over Competition

Unlike capitalist systems that thrive on market rivalry, communism emphasises teamwork and unity. With industries collectively owned, there's no competition among producers. This collaborative approach minimises waste and avoids redundant efforts.

6. Maintains Economic Balance

Communist economies follow a central planning system where production and distribution are based on the needs of society instead of profit motives. This approach helps maintain economic stability by preventing problems such as overproduction, scarcity of goods, and economic recessions commonly seen in capitalist systems.

2.1.14 Demerits of Communism

1. Lack of Freedom

In a communist system, individuals have limited personal and economic liberty. They are often unable to freely choose their careers, own private property, or start their own businesses. The government controls production and distribution, restricting people's independence and decision-making power.

2. No Incentive to Work Hard

Because everyone receives similar rewards regardless of effort or talent, people may lack motivation to work diligently. Those who work harder gain no additional benefits, which can lead to reduced enthusiasm, inefficiency, and lower productivity.

An example of this can be seen in the former Soviet Union, where workers in state-run factories were paid similar wages regardless of their performance. As a result, many workers lacked the motivation to increase their productivity or improve their work quality, leading to inefficiency and lower overall output in the economy.

3. Bureaucracy and Corruption

The heavy involvement of the government in planning and administration may results in a large bureaucratic structure. This system can become slow, unresponsive, and prone to corruption, as officials may misuse their power for personal advantage.

4. Suppression of Individuality

Communism prioritises the collective good over personal ambitions. Consequently, creativity, innovation, and individual expression are often discouraged. People are expected to follow uniform rules and goals, which limit their personal growth and originality.

5. Slow Progress

In the absence of competition and profit-driven motives, there is little push for innovation or technological advancement. This can cause the economy to stagnate and fall behind capitalist nations that encourage entrepreneurship and improvement.

6. Authoritarian Rule

Although communism seeks equality, it frequently results in authoritarian governance. Power becomes concentrated in the hands of the state, leaving citizens with limited political freedom. As a result, democracy and freedom of expression are often restricted.

2.1.15 Comparison between cooperation and communism

Table 2.1.3: Comparison between cooperation and communism

Basis	Co-operation	Communism
Meaning	Cooperation is a voluntary organisation where people unite to fulfil their shared economic, social, or cultural needs through collectively owned enterprises.	Communism is a socio-economic system in which all resources and means of production are commonly owned, and wealth is distributed equally to remove class divisions.
Ownership	The assets and businesses are jointly owned and managed by the cooperative members.	All properties and production units belong to the state or the entire community.
Freedom	Participation is voluntary; members are free to join or leave whenever they wish.	Individual freedom is limited since the government controls production, distribution, and employment.
Objective	Its main aim is to encourage mutual help, fairness, and the well-being of its members.	Its goal is to create a classless society by abolishing private ownership and ensuring equality for all.
Control	Managed democratically, each member has equal voting rights, regardless of the amount invested.	The state or ruling authority makes key economic and social decisions.
Incentive	Members earn profits and benefits in proportion to their contribution and participation.	Rewards are distributed equally among all people, regardless of individual effort or skill.
Nature	It is a moral and voluntary movement founded on the principles of service and cooperation.	It is a political and economic ideology based on state ownership, collective control, and the elimination of private property.

Recap

- ◊ Capitalism is an economic system in which all means of production and the distribution of goods and services are owned and controlled by private individuals
- ◊ In socialism all means of production are controlled and managed by the state.
- ◊ Communism means "sharing everything equally" so that no one is exploited or left behind
- ◊ Communism originated from the ideas of Marxian philosophy, which were presented in the book The Communist Manifesto, written by Karl Marx in collaboration with Friedrich Engels and published in 1848.

Objective Questions

1. In a capitalist economy, who owns the means of production?
2. What is the main driving force of capitalism?
3. Who owns the means of production in socialism?
4. In a socialist economy, production is mainly undertaken for?
5. Which economic system emphasizes profit and free enterprise?

Answers

1. Private individuals
2. Profit motive
3. Government
4. Social welfare
5. Capitalism

Self-Assessment Questions

1. Explain the advantages and disadvantages of socialism.
2. Describe the merits and demerits of capitalism
3. Explain the differences between cooperation and capitalism
4. What are the differences between socialism and cooperation?
5. Examine the differences between communism and cooperation

Assignments

1. Compare and contrast Capitalism, Socialism, and Communism in terms of ownership, objectives, government role, and social impact.
2. "Economic systems reflect social values." — Explain this in the context of capitalism, socialism, and communism.
3. Discuss how the concept of equality is treated differently in socialism and communism.
4. Prepare a chart or table showing differences between capitalism, socialism, and communism.
5. Analyse the relevance of communism in the modern world.

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Unit 2

Co-operation and Other Forms of Business Organisations

Learning Outcomes

After completing this unit, the learner will be able to;

- ◊ define the concept of a co-operative organisation.
- ◊ distinguish between co-operative organisations and other forms of business organisations
- ◊ explain the features of partnership firms.
- ◊ discuss the features of joint stock companies.

Prerequisite

In a small village, three friends, Ravi, Meena, Arjun, and Sita decided to start their own businesses. Ravi opened a small shop on his own, managed everything himself, and kept all the profit, but he also faced all the problems alone. This type of business is called a sole proprietorship. Meena started a clothing store with her cousins, where they shared money, work, profits, and losses. This is known as a partnership. Arjun brought together the farmers in his village to sell their vegetables collectively and share the income fairly. This was a cooperative society, where people work together for mutual benefit. Sita, however, started a joint stock company by collecting money from many investors who became shareholders. The company was managed by a board of directors, and the profit was shared as dividends. This form of business allows large-scale operations and limited liability. Thus, different forms of business help people in different ways, and when individuals unite to help each other, it is called co-operation.

Keywords

Co-operation, Service Motive, Partnership, Joint Stock Company, Partnership Deed

Discussion

In the business world, people come together to produce, buy, and sell goods and services. Different forms of business organisations help in carrying out these activities on small, medium, or large scales.

The main aim of any business organisation is to serve society by providing goods and services and to earn a fair profit. Over time, different forms of business have developed to meet the needs of people and the economy.

At first, businesses were run by one person this was called a sole proprietorship. As business needs grew, partnerships were formed. Later, joint stock companies were started to raise large amounts of money and expand production. To promote social welfare and help people work together for common good, the cooperative society came into existence.

In this unit, we will learn about the various forms of business organisations, their main features, and how they help in the growth and development of society.

As we know, business activities can be carried out through different forms of ownership and management structures. Each form has its own features, advantages, and limitations, and is chosen based on the nature and scale of business operations.

The various forms of business organisation are as follows:

1. Sole Trading Concern
2. Partnership Firm
3. Joint Stock Company
4. Co-operative Society/cooperative organisation.

In this unit, we will first learn about cooperative organisations. This will be followed by a discussion on other forms of business organisations. Finally, we will make a comparison between cooperative organisations and other forms of business organisations.

2.2.1 Meaning of Co-operative Organisation

A cooperative organisation is a group formed by individuals who voluntarily unite to fulfil shared economic, social, or cultural goals through collective effort and mutual support. Its primary purpose is not to generate profit, but to offer services and enhance the quality of life for its members. It operates on the belief that everyone supports one another for the benefit of all.

According to International Cooperative Alliance (ICA) "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."

Examples for cooperative organisations

1. **MILMA (Kerala Cooperative Milk Marketing Federation):** Similar to Amul, MILMA was formed in Kerala to support dairy farmers. It collects milk from small farmers, processes it, and sells it under the brand name "Milma." It has improved the income and living standards of thousands of rural families.
2. **Handloom Weavers' Cooperative Societies :** Found in states like Tamil Nadu, Andhra Pradesh, and Kerala, these cooperatives help local weavers produce and sell their cloth at fair prices. They also provide loans, raw materials, and marketing support. This protects traditional handloom industries and ensures regular income for artisans.

2.2.2 Features of cooperative organisations

1. Voluntary Membership

Membership in a cooperative society is open to all individuals who share its common objectives, without any discrimination based on religion, caste, gender, or social status.

No one can be compelled to join, and members have the full freedom to withdraw from the society whenever they wish by giving due notice. This voluntary nature ensures that only genuinely interested individuals participate, strengthening the cooperative's unity and purpose.

2. Democratic Control

Cooperative organisations operate on the principle of "one member, one vote."

Regardless of the amount of capital contributed by each member, every individual enjoys equal voting rights in decision-making. This ensures fairness and prevents dominance by wealthy members. The management is elected by members periodically, promoting accountability, transparency, and participation in governance.

3. Service-Oriented Goals

The primary motive of a cooperative is to provide services to its members, not to maximise profits. Its main objectives are to eliminate exploitation by middlemen, provide goods at fair prices, offer credit at low interest, and improve the economic, social, and cultural conditions of members. Profit, if any, is considered a by-product and is used mainly for the welfare of members or reinvested for development.

4. Collective Ownership

All the resources, assets, and funds of a cooperative are jointly owned by the members. This collective ownership means that no single member has exclusive rights over the property. It promotes unity, shared responsibility, and a sense of belonging among members. Decisions regarding the use of resources are taken democratically for the benefit of all.

5. Limited Return on Capital

In cooperatives, the return on capital invested by members is deliberately kept limited.

This ensures that the emphasis remains on providing services rather than making large profits. Surplus earnings are distributed as patronage dividends based on the members' participation in the cooperative's activities rather than the amount of capital contributed.

6. Mutual Help and Cooperation

The cooperative movement is built on the principle of mutual help — "each for all and all for each."

Members cooperate with one another to achieve common economic and social goals. They share both risks and rewards collectively. This spirit of teamwork and mutual assistance distinguishes cooperatives from other forms of business enterprises.

7. **Open and inclusive**

Cooperative organisations promote inclusiveness and social justice by welcoming people from all walks of life, particularly the economically weaker sections.

They provide equal opportunities to everyone willing to contribute to the common cause. By doing so, cooperatives reduce inequality, empower marginalised communities, and promote balanced social and economic development.

8. Legal literacy

A cooperative society, once registered under the Cooperative Societies Act (or respective state laws), gains a separate legal status distinct from its members.

This means it can own property, enter into contracts, sue or be sued in its own name. The legal recognition provides stability, credibility, and continuity to the organisation, even if membership changes over time.

9. Education and training

Education and training form a vital part of cooperative functioning.

Members and employees are often educated about cooperative principles, business management, and financial practices. This helps them make informed decisions, improve efficiency, and strengthen democratic governance. Many cooperatives also promote awareness about social and economic issues among members.

10. Stability and longevity

Cooperatives tend to be more stable and long-lasting because they are based on shared values, trust, and community participation.

Unlike private businesses that may dissolve due to profit losses or ownership disputes, cooperatives continue to function as long as members are committed to mutual welfare. Their community-centric approach ensures resilience during economic challenges.

11. Distribution of surplus

Any surplus or profit earned by the cooperative is distributed equitably among members based on their participation, not on the capital invested.

A portion of the surplus is usually set aside for reserves, community development, and education. This equitable sharing ensures that all members benefit fairly from the cooperative's success.

12. Government support

In most countries, including India, cooperative societies receive special support and encouragement from the government in the form of tax exemptions, subsidies, and training programs.

This support helps them to function effectively and compete with private enterprises while fulfilling them.

2.2.3 Meaning and definition of Sole Trading Concern

When a single individual invests his own capital, manages, and conducts all business activities independently, and solely enjoys all profits while bearing all losses, such a business is called a Sole Trading Concern.

However, the owner must obtain the necessary licenses or permissions from local authorities before starting the business operations.

"In business, when one person invests capital, manages and controls the business alone and is responsible for profit or loss of the business, such a business is known as a sole trading concern". - Dr. John Shubin

2.2.4 Meaning and definition of a Partnership firm

A partnership is a form of business organisation where two or more persons come together to carry on a business jointly and share its profits and losses.

"Partnership is the relation between the persons who have agreed to share the profits of a business carried on by all or any one of them acting for all". - Indian Partnership Act,1932

2.2.5 Features of partnership

1. Agreement

A partnership is formed through an agreement among partners. This agreement serves as the foundation of the partnership firm and outlines the terms and conditions governing its operation. It may be oral or written, but a written agreement is always advisable to prevent future disputes.

A written document specifying the rights, duties, and responsibilities of each partner is known as the Partnership Deed.

2. Legal Registration

Registration of a partnership firm is optional under the Indian Partnership Act, 1932. However, in certain states like Maharashtra, it is compulsory. Registration is done with the Registrar of Firms. A written agreement helps in the registration process and serves as legal evidence in case of conflicts.

3. Number of Partners

A partnership firm must have a minimum of two partners to be valid. The maximum limit of partners is fifty, as prescribed by law.

4. Lawful Business

A partnership can be formed only for carrying out lawful business activities. Any partnership formed for an illegal purpose is considered invalid. All business operations must be conducted within the legal framework of the country.

5. Management

The management of a partnership firm is generally carried out jointly by all partners. However, partners may mutually agree to delegate management authority to one or more partners for the smooth functioning of the firm. Despite delegation, the ultimate responsibility for management lies with all partners collectively.

6. Relationship between Partners

In a partnership, the relationship among partners is that of a principal and agent. Each partner is a co-owner of the firm's assets and, at the same time, acts as an agent of the firm while dealing with third parties. This means that the actions of one partner, within the scope of business, bind all other partners.

7. Unlimited Liability

In a partnership firm, the liability of all partners (except a minor partner) is unlimited, joint, and several. This means that if the firm incurs heavy losses, partners may have to use their personal property to pay off the firm's debts and obligations.

8. Joint Ownership

All partners have joint ownership of the assets and property of the firm. These resources are used exclusively for the firm's business purposes. No partner can use partnership assets for personal benefit without the consent of others.

9. Sharing of Profit and Loss

The ratio of sharing profits and losses is specified in the partnership agreement. The main objective of forming a partnership is to earn and share profits from the business.

If the agreement does not specify the ratio, profits and losses are shared equally among all partners as per the Indian Partnership Act, 1932.

10. Dissolution of Partnership

Dissolution refers to the closure or termination of the partnership firm. A firm may be dissolved due to the death, retirement, insolvency, or insanity of a partner. In the case of a partnership at will, any partner can dissolve the firm by giving a 14-day written notice to the other partners.

The process of dissolution is relatively simple and flexible compared to other forms of business organisations.

2.2.6 Cooperative organisation v/s partnership

A cooperative and a partnership are two types of business entities where individuals unite to pursue shared objectives. In a cooperative, the emphasis is on promoting the well-being and collective interests of its members. In contrast, a partnership is mainly established to generate profits for the partners involved. Each structure operates under distinct principles regarding governance, ownership, accountability, and decision-making processes, making them appropriate for varying business aims and functions.

Table 2.2.1: Comparison Between Cooperative Organisation And Partnership

Basis	Cooperative Organisation	Partnership
Meaning	A cooperative organisation is a voluntary group of people who come together to fulfil shared economic and social needs through joint effort and mutual support.	A partnership is an agreement between two or more individuals to run a business together and share its profits and losses.
Objective	Aimed at providing service and promoting the welfare of its members rather than generating profit.	Primarily formed to earn profit and distribute it among the partners.
Formation	Established by registering under the Cooperative Societies Act.	Formed through a partnership agreement, typically documented in a partnership deed, and regulated by the Indian Partnership Act, 1932.
Membership	Open to anyone sharing common interests; joining and leaving is voluntary.	Membership is limited, usually up to 50 partners, as per legal provisions.
Capital	Members contribute capital through shares, usually small in amount.	Partners contribute capital as agreed, with contributions varying according to the agreement.
Management	Operates democratically, with each member having one vote irrespective of capital contribution.	Managed collectively by partners or by a managing partner; voting power depends on agreement or capital contribution.

Liability	Members' liability is limited to the amount of capital they have invested.	Partners have unlimited liability and are personally accountable for business debts.
Profit Distribution	Surplus is shared among members based on their participation or use of the cooperative.	Profits are distributed among partners as per the partnership agreement.
Continuity	The cooperative has perpetual existence; it continues regardless of death, insolvency, or withdrawal of members.	Partnership may dissolve if a partner dies, becomes insolvent, or withdraws, unless otherwise agreed.
Motive	Service-oriented, emphasising collective welfare and mutual benefit.	Profit-oriented, focusing primarily on earning income.
Example	Amul, Indian Farmers' Cooperative Societies, etc.	Law firms, auditing firms, trading partnerships, etc.

2.2.7 Meaning and definition of Joint Stock company

A business enterprise that is registered under the Indian Companies Act, 2013 is known as a Joint Stock Company. It is an organisation formed by a group of individuals who share a common objective or interest and come together to contribute capital for business operations.

Unlike other forms of business, a joint stock company has no restriction on the maximum number of members, allowing large-scale participation and investment.

"The company established, registered, and which comes into existence according to The Companies Act 2013 is known as Joint Stock company. – Indian Companies Act, 2013

2.2.8 Features of Joint Stock Company

1. Incorporated association

A joint stock company comes into existence only after registration under the Companies Act. It is a creation of law and must comply with the legal requirements prescribed in the Act. Once registered, it becomes a separate legal entity distinct from its members. Without registration, a company cannot function or enjoy legal protection.

2. Separate legal entity

The company enjoys a distinct legal personality independent of its shareholders. It can own property, borrow money, enter into contracts, and take legal action in its own name. This means that the assets and liabilities of the company are separate from those of its members.

3. Perpetual Succession

A joint stock company enjoys continuous existence. The death, retirement, or insolvency of any shareholder or director does not affect the company's life. It continues to exist until it is legally dissolved. This feature gives the company stability and long-term continuity.

4. Limited Liability

The liability of each shareholder is limited to the unpaid amount on the shares held by them. In case the company faces financial losses or insolvency, the personal property of shareholders is not at risk beyond their investment in shares. This encourages people to invest without fear of personal loss.

5. Transferability of Shares

The shares of a public limited company can be easily bought and sold in the stock market. This free transferability provides liquidity to investors allowing them to convert their investment into cash at any time. However, in private limited companies, share transfer is restricted.

6. Separation of Ownership and Management

In a joint stock company, the shareholders are the owners, while directors manage the business. The shareholders elect a Board of Directors to run the company on their behalf. This separation allows professional management and ensures that the company is run efficiently by experts.

8. Large Capital

A joint stock company can raise huge amounts of capital by issuing shares to the public. This enables it to undertake large-scale business operations such as infrastructure projects, manufacturing, and technology development which may not be possible for sole proprietorships or partnerships.

9. Regulation and Control

Joint stock companies are governed by strict legal regulations under the Companies Act. They are required to prepare and publish financial statements, hold annual general meetings, and maintain transparency. This ensures accountability to shareholders and protection to investors.

10. Artificial Person

A company is considered an artificial person created by law. It does not have a physical body but enjoys all the rights and responsibilities of a natural person. It can own property, borrow funds, and enter into contracts, but it acts only through its directors or authorised representatives.

11. Democratic Management

The management of a company is based on democratic principles. Each shareholder has the right to vote in proportion to their shareholding. Important decisions are made in meetings ensuring collective participation and fairness in management.

12. Social Benefit

Joint stock companies contribute significantly to the economic development of a country by generating employment, paying taxes, and producing goods and services on a large scale. They also help in mobilising savings from the public for productive use.

◊ 2.2.9 Cooperative organisation vs joint stock company

A cooperative organisation and a joint stock company are both forms of business entities where individuals unite to achieve common goals. A cooperative is mainly established to promote the welfare and shared interests of its members, prioritising service over profit. On the other hand, a joint stock company is profit-driven, raising capital by issuing shares to the public, with management aimed at maximising returns for shareholders. While cooperatives focus on democratic governance and equality among members, joint stock companies function on a capital-based system with limited liability and centralised management.

Table 2.2.2:Comparison Between Cooperative Organisation and Joint Stock Company

Basis	Co-operative Organisation	Joint Stock Company
Meaning	A cooperative organisation is a voluntary group of people who join together to meet shared economic, social, or cultural needs through collective effort and mutual support.	A joint stock company is a business entity that raises capital by issuing shares to the public, with management focused on earning profits for its shareholders.
Objective	Mainly aims to provide service and promote the welfare of its members.	Primarily aims to generate profit and maximize returns for shareholders.
Ownership	Owned collectively by its members, who contribute capital in the form of shares.	Owned by shareholders in proportion to the number of shares they hold.
Management	Managed democratically, with each member generally having one vote regardless of capital contribution.	Managed by a board of directors, with voting power depending on the number of shares held.
Liability	Members' liability is limited to the amount of their share capital.	Shareholders' liability is limited to the value of shares they own.
Profit Distribution	Surplus or profit is distributed among members based on their participation or usage of the cooperative.	Profits are distributed as dividends among shareholders according to their shareholding.
Continuity	Enjoys perpetual existence; not affected by death, insolvency, or withdrawal of members.	Has perpetual succession; continues regardless of the death, insolvency, or withdrawal of shareholders.
Capital	Capital is generally small and contributed by the members.	Capital can be very large, raised from the public through shares.

Motive	Service-oriented, emphasizing mutual benefit and member welfare.	Profit-oriented, focusing on maximizing wealth for shareholders.
Legal Status	Registered under the Cooperative Societies Act; has a separate legal identity.	Registered under the Companies Act; possesses a separate legal identity.
Examples	Amul, Indian Farmers' Cooperative Societies, etc.	Tata Steel, Reliance Industries, Infosys, etc.

Recap

- ◊ A cooperative organisation is a voluntary association of individuals who unite to achieve common economic, social, or cultural goals through mutual help and collective effort rather than profit-making.
- ◊ Cooperative organisation operates on principles such as voluntary membership, democratic control, and equitable distribution of surplus.
- ◊ In comparison to a partnership firm, a co-operative is more democratic and has limited liability, while partnerships focus on profit and involve unlimited liability.
- ◊ Compared to a joint stock company, a co-operative emphasises welfare and equality rather than capital accumulation and profit distribution.

Objective Questions

1. What is the primary objective of a co-operative organisation?
2. What is the liability of shareholders in a joint stock company?
3. Under which Act is a partnership firm governed in India?
4. What is the principle followed in co-operatives where each member has equal voting rights?
5. What is the document that defines the relationship among partners?
6. Which type of business organisation is created by law and has a separate legal entity?
7. What do we call the legal document required for registration of a co-operative society?
8. Which type of business organisation enjoys government support and protection?

Answers

1. Service
2. Limited
3. Indian Partnership Act
4. One member, one vote
5. Partnership Deed
6. Joint Stock Company
7. Bye-laws
8. Co-operative

Self-Assessment Questions

1. Discuss the main features and advantages of co-operative organisations.
2. Explain the differences between co-operative societies, partnership firms, and joint stock companies with suitable examples
3. Distinguish between a co-operative organisation and a joint stock company.
4. Compare a co-operative organisation with a partnership firm.
5. State any five objectives of a co-operative organisation.
6. Explain the features of Joint Stock company
7. Discuss the features of partnership firms

Assignments

1. Evaluate the role of co-operative organisations in promoting social and economic welfare in India, citing relevant examples.
2. "The main objective of a co-operative society is service rather than profit." Discuss this statement with reference to the principles and functioning of co-operative organisations.
3. Explain the distinctive features of a co-operative organisation. Discuss how these features make it different from other forms of business organisations.
4. Discuss the similarities and differences between a co-operative organisation and a joint stock company. Explain which form is more suitable for large-scale business operations and why?

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Unit 3

Special Status of Cooperative Movements

Learning Outcomes

- After completing this unit, the learner will be able to;
- explain the concept of co-operative organisation as both an institution and an enterprise
- comprehend the meaning and significance of the Co-operative Commonwealth.
- identify the characteristics and functions of co-operative enterprises.

Prerequisite

In a small village called Green Valley, most people were farmers who struggled every year with low crop prices and high debts. Each farmer worked alone and sold produce to middlemen who paid them very little. One day, an elderly farmer named Raman gathered everyone under the banyan tree and said, "If we keep struggling alone, we'll always be weak. But if we work together, we can change our future." The farmers decided to form the Green Valley Cooperative Society. They registered their cooperative under the Cooperative Societies Act and created their own rules. Everyone had an equal say in meetings, whether rich or poor, educated or uneducated. This made the cooperative not just a business, but an institution built on trust, democracy, and mutual help. It became a place where farmers learned about modern techniques, shared ideas, and supported one another. Soon, the cooperative started functioning like a real business enterprise. It purchased fertilisers and seeds in bulk, set up a storage warehouse, and even opened a small dairy processing unit.

Profits from sales were not kept by one person; instead, they were shared among all members or used for improving community facilities. The cooperative thus became a successful enterprise efficiently managed, self-reliant, and service-oriented rather than profit-driven. Over time, the benefits of cooperation spread across the village. Farmers earned better incomes, children attended better schools, and even non-members found jobs at the dairy. The entire community prospered because of the cooperative's success.

This shared prosperity was called the Cooperative Common Wealth created by cooperation and shared for the well-being of all. The Green Valley story shows how a cooperative begins as an institution based on unity, grows into an enterprise through collective effort, and finally contributes to a common wealth that benefits the entire community.

Keywords

Co-operative Movement, Co-operative Institution, Co-operative Enterprise

Discussion

Co-operative organisations have emerged as an important form of business and social institution that blends economic objectives with social welfare. Unlike other business enterprises that primarily aim at profit maximization, co-operatives focus on promoting the economic, social, and cultural well-being of their members through collective effort and mutual assistance. They operate on the principles of equality, democracy, and solidarity, offering an alternative model to capitalism and state-controlled enterprises. Co-operatives serve as both an institution that upholds values of cooperation and mutual aid and as an enterprise that undertakes business activities to meet the needs of its members efficiently. In this unit, let us understand the special status of the co-operative movement in detail, such as;

1. Cooperatives as an institution
2. Cooperative as an enterprise
3. Co-operative commonwealth

2.3.1 Cooperatives as an Institution

A cooperative is not merely a business organisation; it is a social and economic institution founded on the principles of self-help, equality, mutual aid, and democracy.

As an institution, it provides a common platform for individuals to unite, identify shared challenges, and work collectively for mutual benefit. It nurtures values such as trust, responsibility, and participation among members, thereby serving as a strong instrument for social learning and empowerment.

Cooperatives also function as training grounds for democracy, where every member enjoys equal voting rights regardless of their economic or social status. They foster qualities like team spirit, leadership, transparency, and accountability, which are vital for both personal growth and community development.

Moreover, cooperatives act as an institutional framework that enables governments and communities to promote inclusive and sustainable development. By ensuring that the fruits of progress reach even the most disadvantaged sections of society, cooperatives contribute significantly to achieving social justice and balanced economic growth.

2.3.2 Cooperative as an Enterprise

Cooperation in the widest sense is a form of organisation or enterprise in which one of the agents of the factors of production. Enterprises consist of conceiving the idea, initiating the work of production, coordinating the factors of production, rewarding them and finally un undertaking the risk arising out of business. Enterprise may be private, public, state or cooperative enterprises. The third form of economic organisation is a co-operative enterprise. A cooperative society enables the members to put their best to attain a higher standard of living for themselves without in any way of exploiting others. It honours human values and also provides incentives for hard work. In short, a co-operative is an enterprise which important principle of self-help, it means that self-help is made effective by an organisation, cooperative society or enterprise.

A cooperative society is an enterprise formed and directed by an association applying itself the rules of democracy and directly intended to serve both its the community as a whole "(Prof Paul Lambert) The Report of the Inquiry on Co-operative Enterprise in Europe, Government of the United States: co-operative enterprise is one which be who use its services, the control of which rests equally with all its member which are distributed in proportion to the use they make of its services. The keynote of co-operative enterprise is service as distinguished from enterprise whose mainspring is the profit motive. A co-operative enterprise spirit of service; its whole business mechanism is geared towards the economic services.

Mondragon Corporation in Spain is one of the largest and most successful worker cooperatives, where employees not only work but also own the company, sharing in its profits and decision-making. It operates as a cooperative institution, balancing democratic governance with business efficiency, and has become a global model for worker-owned enterprises.

2.3.2.1 Characteristics of Co-operative Enterprise

The following are the characteristics of co-operative Enterprise:

1. A co-operative is an association of individuals who come together voluntarily with a common goal, usually to promote their economic interests.The focus is on people, not capital. Membership is open to all who are willing to follow the cooperative principles and contribute to the organisation's objectives.
2. A co-operative society is a business undertaking because it carries out economic

activities such as production, distribution, or marketing. However, unlike private business enterprises, its main goal is not to earn maximum profit but to provide goods and services to its members at fair prices.

3. Membership in a co-operative society is voluntary. No one can be forced to join or prevented from leaving the organisation. People join freely because they share common interests and believe in the spirit of mutual help and cooperation.
4. A co-operative society is run on democratic principles every member has one vote, regardless of the amount of capital contributed. It functions autonomously, with members electing a managing committee to take decisions on their behalf. This ensures participation, transparency, and equality in decision-making.
5. The primary aim of a co-operative enterprise is to serve its members, not to maximize profit. It works to eliminate middlemen, reduce exploitation, and improve members' economic and social welfare. Any surplus or profit earned is either reinvested in the business or distributed fairly among members after setting aside reserves.
6. All members in a cooperative society are treated equally, regardless of their financial status, caste, religion, or gender. Every member enjoys equal voting rights and opportunities participation. This promotes a sense of unity, fairness, and social justice among members.
7. A co-operative enterprise functions on the principle of equity, meaning that benefits and responsibilities are shared fairly and proportionately among members. Those who contribute more through participation or transactions may receive a slightly higher benefit, but not at the expense of others. The focus is always on fairness, justice, and balance rather than on financial dominance.
8. A co-operative enterprise is not just a business organization it is also a socio-economic movement. It aims to achieve both economic growth and social welfare.

By promoting values like mutual help, equality, and self-reliance, it uplifts weaker sections of society and reduces economic inequality.

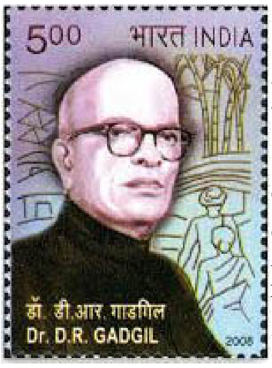
2.3.3 Co-Operative Commonwealth

The idea of co-operative Common Wealth was first given by Late D.R. Gadgil who strong believer of co-operative ideals He thought of a new society based on co-operative s It means co-operative socialism or co-operative socialist system in which activities are out by people but government is controlling or state is controlling such peoples ac According to the exponents of this idea, the people are essentially good and they are r work on co-operative principles, the only pre-requisite for developing such co-operative that the people should be made to realize the importance of co-operative ideals.

The cardinal principle of a co-operative commonwealth is each individual must have some place in the society that neither Capitalism and Communism do not give him. In communism the state and society are considered more important than the individual. In capitalism, the capitalists are considered much more important than the individuals who work there. It is in co-operative movement, both efficiency and independence are preserved and self-help will be attained through mutual help.

The Co-operative Commonwealth could be brought into existence in different stages Cooperatives must be strengthened by themselves when the movement is strengthened it will control farms and factories, which may produce what is needed by the society at this stage everybody should be engaged in certain activities, either in production or in service/ With the exchange of such products and services both the society and individual may develop without any external help or assistance. In such a society, there will not be any scope for exploitation of any kind - exploitation of man by man or exploitation of man by society or exploitation of society by the individual. Such a society is called the Co-operative Commonwealth. The idea and the underlying principles of Co-operative Commonwealth are wholesome and ideal.

To conclude co-operative commonwealth is the combined economic, social and environmental activities and effects of all co-operative enterprises that create wealth in a sustainable way for the many not the few.



D. R. Gadgil (1901-1971) was a prominent Indian economist and cooperative movement leader. He introduced the idea of a "Co-operative Commonwealth", envisioning a socio-economic system where cooperative enterprises, democratic control and collective welfare replace pure profit-driven capitalism. His concept advocated people working together under cooperative principles, with the state providing supportive regulation, thereby blending democracy, cooperation and social justice into economic life.

Recap

- ◊ A co-operative organisation functions both as a social institution and as an economic enterprise.
- ◊ As an institution, it upholds principles of democracy, equality, and mutual help, focusing on social welfare and member development.
- ◊ As an enterprise, it engages in productive and commercial activities while maintaining a service-oriented approach.
- ◊ Co-operatives differ from other enterprises by emphasising service before profit and collective ownership.
- ◊ The concept of a Co-operative Commonwealth envisions an ideal society based on co-operation, equality, and shared prosperity.
- ◊ Co-operatives aim to reduce social inequalities, empower communities, and promote sustainable development

Objective Questions

1. co-operative that works for the welfare of its members is called?
2. A co-operative that carries out business or production activities is known as a
3. The ideal society based on co-operative principles is called a ________.
4. The term “one man, one vote” refers to ________ control.
5. Who give the concept or idea of cooperative common wealth ?

Answers

1. Co-operative Institution
2. Co-operative Enterprise
3. Co-operative Commonwealth
4. Democratic
5. D. R. Gadgil

Self-Assessment Questions

1. Explain the meaning of a co-operative as an institution.
2. Describe any three features of a co-operative as an enterprise.
3. Distinguish between a co-operative as an institution and as an enterprise.
4. What is meant by a co-operative commonwealth?
5. Discuss the social importance of co-operative organisations.

Assignments

1. Discuss the role of co-operatives as social institutions. How do they contribute to the upliftment of weaker sections of society?
2. Explain how co-operatives function as enterprises. Illustrate your answer with examples of successful co-operative enterprises in India.
3. What is meant by the Co-operative Commonwealth? Explain its significance and relevance in today’s economic environment.

4. Analyse the special status of the co-operative movement in India and how it differs from other business models.
5. "Co-operatives combine economic efficiency with social responsibility." Discuss this statement in the context of co-operatives as enterprises.

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3

BLOCK

Evolution and Development of Cooperative Principles

Unit 1
Principles of Co-operation

Learning Outcomes

After completing this unit, the learner will be able to;

- ◊ trace the historical evolution of cooperative principles from their origins to modern-day adaptations
- ◊ comprehend principles of Rochdale pioneers
- ◊ discuss the Reformulated principles by ICA
- ◊ explain the recommendations of Karve Committee on Cooperative principles
- ◊ describe the Principles of ICA in 1995

Prerequisite

In a small town of England during the 19th century, a group of ordinary weavers faced daily struggles low wages, unfair prices, and poor-quality goods. Instead of giving up, they decided to work together and open their own store. Each member contributed a small amount, shared responsibilities, and agreed to follow fair rules. This simple act of unity by the Rochdale Pioneers in 1844 marked the beginning of the modern co-operative movement. Their principles of honesty, equality, and mutual help became the foundation of co-operatives around the world. Over time, these principles evolved through the efforts of international organisations like the ICA and national committees such as the Karve Committee in India. This unit takes you through that inspiring journey tracing how co-operative principles were born, developed, and redefined to guide modern co-operative societies.

Keywords

Co-operative Principles, International Co-operative Alliance (ICA), Rochdale pioneers, Reformulated principles, Karve Committee, Principles of ICA in 1995

Discussion

To understand the real nature of the co-operative movement and to distinguish it from other business forms, it is essential to study its guiding principles. Co-operatives are based on the belief that people can achieve shared economic and social goals more effectively through collective effort rather than individual competition. To ensure uniformity and direction in their functioning, experts of the co-operative movement have laid down certain fundamental principles that serve as the foundation for co-operatives across the world.

3. 1.1 Meaning

The term "principle" comes from the Latin word Principium, which means "basis" or "foundation." A principle is a fundamental truth or rule that serves as the starting point for a system of belief or conduct. In the context of co-operatives, principles are considered essential practices that help achieve the objectives of the movement. The International Co-operative Alliance (ICA) defines them as "those practices which are absolutely indispensable to the achievement of the Co-operative Movement's purpose." This means that the success of any co-operative depends on how faithfully it follows these guiding principles. The famous sayings "All for one and one for all" and "Self-help and mutual help" perfectly capture the spirit of co-operation. They emphasise that members should support one another and work together for the common good, rather than focusing only on personal gain.

According to Prof. D. G. Karve, co-operative principles are "the way of organising and conducting co-operative activities." Similarly, George Davidovic described them as "a set of rules that govern the life and activity of co-operative organisations." These principles form the moral and structural foundation of co-operatives, making them distinct from ordinary profit-oriented enterprises. In essence, co-operatives are organisations of the people, by the people, and for the people.

It is important to understand the difference between principles and practices. A principle is a permanent rule or standard of conduct that gives identity to co-operatives, while a practice is the actual method or way in which the principle is implemented in daily operations. For example, the principle of democratic control ensures that every member has one vote regardless of their shareholding. In practice, this could mean holding annual general meetings where every member participates in decision-making. Practices may change over time depending on social, economic, or technological factors, but they should always remain in harmony with the core principles. For example, consider a farmers' co-operative society. The principle of mutual help encourages members to come together and sell their produce collectively. The practice might involve organising a weekly farmers' market or creating an online marketplace to sell goods directly. While the method may change with modern needs, the underlying principle of collective benefit and equality remains constant.

3.1.2 Development of Co-operative Principles

The co-operative principles have evolved gradually over time, adapting to new social and economic conditions. Their development can be understood through the following four main stages:

1. Rochdale Principles (First Stage)
2. Reformulated Principles by the ICA (Second Stage).
3. Karve Committee Principles (Third Stage)
4. ICA Principles of 1995 (Fourth Stage)

Let us now discuss each stage of the co-operative principles in detail.

3.1.2.1 Roachdale Principles (First Stage)

The concept of the Co-operative Society first took shape in the year 1760, when two visionaries Wool Wick and Chaton attempted to form a society based on mutual help and shared benefits. However, during the years between 1760 and 1844, many such experiments failed because the groups lacked strong principles, management, and unity among members. But in 1844, a remarkable turning point came in the small English town of Rochdale. There, twenty-eight humble flannel weavers, tired of being exploited by middlemen and struggling to make ends meet, decided to join hands. They pooled their meagre savings just one pound each to start a small Consumer Co-operative Store. Their goal was simple yet revolutionary: to buy and sell pure goods at fair prices for their own benefit.

At first, the shop sold only a few essential items flour, sugar, butter, and candles but it symbolised something much bigger: self-reliance through cooperation. These weavers believed that when ordinary people work together honestly and fairly, they can improve their lives. Over time, their small store grew into what is now known as the Rochdale Equitable Pioneers' Co-operative Society, which still operates in England today as a Wholesale Co-operative. This success story became the foundation of the modern co-operative movement worldwide.

The Rochdale Principles, focusing on open membership, democratic control, and fair profit distribution, have been adapted in today's digital economy. For example, worker cooperatives in tech and platform cooperatives in the gig economy allow workers to collectively own and manage digital platforms, ensuring fairness, transparency, and mutual benefit in emerging industries. The Rochdale Weavers followed certain principles that later became the foundation of co-operative societies everywhere. Let us understand these principles one by one.

1. Open Membership

Membership in a co-operative society is open to everyone living in the area who needs its services, regardless of religion, caste, gender, or social status. This principle promotes inclusiveness and equality among all individuals. The idea is that a co-operative belongs to the community, not to a selected group. Anyone who is willing to follow its rules and contribute can become a member. In the Rochdale Co-operative Store, both rich and poor, men and women, were allowed to join simply by buying a small share. It was like opening a door to everyone who wanted to work together for mutual benefit.

2. Democratic Control

Co-operative societies are governed through democratic principles, meaning that every member has an equal say in decision-making. Each member, irrespective of the number of shares owned, has one vote only. This ensures fairness, equality, and collective decision-making. The elected committee manages day-to-day affairs on behalf of the members, but major decisions are made through general meetings. Imagine a farmer named John who owns one share and a merchant named Henry who owns ten. When the society holds elections, both John and Henry have just one vote each. This equal power prevents domination by the wealthy and keeps the society truly democratic.

3. Limited Interest on Share Capital

The Rochdale Pioneers believed that the interest on capital should be limited to prevent people from joining solely for profit. Members invest capital to support the society's functioning, not to earn large financial returns. This principle encourages social service and discourages greed. Even if a member invested a large sum, the return was kept minimal. The spirit of the co-operative was about serving people, not maximising profit-making; cooperation is more valuable than money.

4. Patronage Dividend (Distributed Justice)

Instead of distributing profits based on how much money members invested, the Rochdale Society shared profits according to how much each member purchased or used the society's services. This ensured justice and equality among members. For example, if Gautham bought goods worth Rs 50 and Parvathy bought goods worth Rs 100, Parvathy would receive a larger dividend because he supported the co-operative more through his purchases, not because he invested more money. This fair system strengthened loyalty among members.

5. Cash Trading

The Rochdale Pioneers decided to carry out all business on a cash basis, avoiding credit sales. This prevented losses, bad debts, and disputes, ensuring financial discipline and transparency.

The society displayed a board saying, "Cash only—No credit." This taught members to live within their means and protected the society from financial risk, helping it remains strong and stable.

6. Political and Religious Neutrality

Co-operatives should remain neutral towards all political and religious beliefs to maintain unity among members. By keeping politics and religion out of their operations, co-operatives can focus solely on economic and social welfare. The Rochdale Society welcomed both Christians and non-Christians, liberals and conservatives. Inside the co-operative, everyone was treated equally. This neutrality-built peace, trust, and inclusiveness among diverse members.

7. Promotion of Education

Education was considered essential for the progress of the co-operative movement. The Rochdale Pioneers believed that members must understand co-operative principles, management practices, and financial discipline to make wise decisions. They used part of their profits to run evening classes for members and their children. This initiative not only improved literacy but also helped members manage their society efficiently and with confidence.

8. Selling Pure and Unadulterated Goods

The Rochdale store gained trust by selling pure, unadulterated goods at fair prices. They believed that quality and honesty were key to customer satisfaction and success. When nearby shopkeepers mixed flour with chalk to cheat customers, the Rochdale store continued selling only pure flour. Customers quickly realised they could trust the co-operative, and its popularity grew because honesty became its identity.

The story of the Rochdale Pioneers is not just a chapter in history it is a timeless lesson on unity, honesty, and equality. Their simple yet powerful principles transformed ordinary weavers into social reformers who built a model for the modern co-operative movement. Today, these principles continue to guide co-operatives around the world, reminding us that when people "work together, think together, and share together," they can create a society based on fairness and mutual prosperity. The principles of co-operation can be traced back to the Rochdale Pioneers, who founded their Equitable Society in 1844. However, the idea itself originated earlier with Robert Owen, known as the "Father of Co-operation," along with Dr. William King and other Utopian Socialists of Britain. The Rochdale Pioneers were the first to frame clear and practical rules for co-operative societies and proved that co-operation could bring real benefits to its members. They are regarded as the true pioneers of the co-operative movement because they successfully organised the first enduring co-operative store, gave a definite structure to the movement, included remarkable individuals in their team, and went on to establish a co-operative wholesale society that continues to play an important role in Britain even today.

3.1.2.2 Reformulated Principles by International Co-operative Alliance (ICA) (Second Stage)

The co-operative movement that began with the Rochdale Pioneers in 1844 has spread across many countries. By now, hundreds of co-operative societies are running successfully helping people buy daily goods, save money, and even start businesses together. But as the world changed between 1844 and 1934 with wars, new governments, and shifting economies people began to wonder: Are the old co-operative principles still suitable for modern times?

To answer this, an international organisation called the International Co-operative Alliance (ICA) was formed. Its mission was simple yet powerful to promote the spirit of co-operation and spread its values all over the world. In 1934, the ICA set up a Sub-Committee to review the famous Rochdale Principles. This committee studied how these principles were being used and whether they were still relevant. After careful study, they submitted their report in 1937.Instead of creating new principles, the ICA decided to classify the existing Rochdale Principles into two groups Essential and Non-Essential. This helped societies around the world understand which principles were fundamental for a true co-operative and which were helpful but optional.

The eight principles they listed were:

1. **Open Membership:** Anyone willing to use the co-operative's services could join. For example, a dairy co-operative in a village would welcome all local farmers, big or small.
2. **Democratic Control:** Every member had one vote, just like in a classroom where every student's opinion counts equally.
3. **Limited Interest on Share Capital:** Members received a small, fixed return on their investment, ensuring fairness rather than profit-making.
4. **Patronage Dividend (Distributive Justice):** Profits were shared among members based on how much they used the co-operative's services, not on how much money they invested.
5. **Religious and Political Neutrality:** Co-operatives stayed away from politics or religion, so everyone could work together peacefully.
6. **Cash Trading :** All sales were made in cash to avoid debts and maintain financial discipline.
7. **Promotion of Education:** Members were encouraged to learn about co-operative values, just like students learning teamwork in class.
8. **Selling Pure and Unadulterated Goods:** Products sold were of good quality—no cheating or mixing, like selling clean, pure milk in a dairy co-operative.

After reviewing them, the ICA divided them as Essential and Non - essential principles.

Table 3.1.1 Essential and Non-essential principles

Type of Principle	Principle	Explanation
Essential	Open Membership	Anyone in the area needing the service can join, e.g., Rochdale Pioneers allowed anyone to buy a small share.
	Democratic Control	Each member has one vote, ensuring fairness and equality in decision-making.
	Limited Interest on Share Capital	Shareholders get only limited returns, preventing profit-maximisation at the cost of members.
	Patronage Dividend	Profits are shared among members according to their use of the co-operative.
Non-Essential	Religious & Political Neutrality	Co-operatives avoid taking sides, focusing purely on members' welfare.
	Cash Trading	Business is done on cash basis to avoid debt problems.
	Promotion of Education	Educates members about co-operative principles and skills.
	Selling Pure & Unadulterated Goods	Ensures products are genuine and trustworthy for members.

Figure 3.1.1 Essential and Non-essential principles

3.1.2.3 Karve Committee Principles (Third Stage)

In the 1960s, the world was changing fast. The old co-operative principles, set by the International Co-operative Alliance (ICA) in 1937, needed updating. So, in 1964, the ICA formed a special commission to review and modernise them. Five countries UK, USA, USSR, Germany, and India sent representatives. From India, Professor D.G. Karve chaired the Commission. Because of his leadership, this commission is known as the Karve Commission on Co-operative Principles.

After careful study, the Commission submitted its report in 1966. It recommended several updated principles that are still followed today. Let's discuss them in detail,

1. Open and Voluntary Membership

Membership in a co-operative society should be open to anyone who wants to join. There should be no discrimination based on caste, religion, race, gender, or politics. People whose interests go against the society cannot become members.

2. Democratic Management

A co-operative society is managed democratically, meaning all important decisions are taken by the members, not just a few leaders.

- ◊ Each member has one vote only.
- ◊ Decisions are taken based on the majority rule.
- ◊ The management committee must consult members before important actions.

If a co-operative wants to increase membership fees, the committee cannot decide alone they must ask members and follow the majority decision. The Board of Management is elected by members and handles day-to-day work, but always under the control of the General Body.

3. Limited Interest on Share Capital

Co-operative societies need money to run, so they may pay interest on members' shares. However, this interest is limited. The society is not a profit-making business like a company; the focus is on serving members, not generating huge profits. If you invest Rs100 in a co-op, you might get 3% interest, not 15% like in a commercial bank.

4. Equitable Distribution of Surplus

Although co-operatives are not primarily for profit, they can make surplus (extra earnings). This surplus is distributed fairly:

1. To develop the society for better services.
2. To provide common services for members.
3. To share some benefits with members as dividends or bonuses.

A dairy co-operative may use some surplus to buy better milk processing machines, some to run a training programme for farmers, and some to give extra payment to milk suppliers.

5. Co-operative Education

A co-operative organisation can only succeed if its members understand how it works. Education helps members actively participate.

It includes:

- ◊ Education for members about their rights and duties.
- ◊ Training for office bearers to manage the co-op efficiently.
- ◊ Guidance for new/prospective members so they can join effectively.

A farmers' co-operative may run workshops to teach farmers about crop planning, market prices, and proper record-keeping.

6. Co-operation Among Co-operatives (Principle of Growth)

Co-operatives should support each other at local, national, and international levels. Working together makes them stronger in a competitive world. Big companies and governments often form alliances to benefit from technology and resources. Similarly, co-operatives should unite. For example, A local farmers' co-operatives in India may collaborate with an international dairy co-operative to learn new processing techniques or export milk products. The ICA Commission emphasised "For the co-operative movement to reach its full potential, all co-operatives big or small, national or international must support each other and work as one to achieve common goals."

The Karve Commission updated co-operative principles to make them more practical, democratic, and growth-oriented. By following these principles, co-operatives can truly serve their members while remaining strong and united in a changing world.

3.1.2.4 Principles By ICA in 1995 (Fourth Stage)

In 1992, at the ICA Tokyo Congress, experts were worried. They noticed that the values of co-operation were slowly weakening around the world. To protect these values, the Congress recommended that the International Co-operative Alliance (ICA) review and update the co-operative principles from 1966.Following this advice, in 1994, the ICA asked Dr. Ivan Mac Pherson from Canada to lead a review of co-operative principles. After careful study, the ICA General Assembly met on 23rd September 1995 at New Century Hall, Manchester, and adopted a new set of seven co-operative principles.

These seven principles are still the foundation of co-operative organisations today:

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 Co-operatives
7. Concern for Community

The first five principles focus on internal functioning, while the last two guide relationships with other co-operatives and society. Let's understand them in detail

1. Voluntary and Open Membership

Membership is open to everyone, regardless of gender, race, religion, or politics. A local credit co-operative welcomes both men and women, young and old, as long as they are willing to follow its rules and participate actively.This principle ensures that co-operatives remain inclusive and diverse, bringing people together to work for common goals.

2. Democratic Member Control

Co-operatives are run by their members, for their members. Decisions are made democratically:

◊ Every member has one vote, no matter how much they invested.

◊ Elected representatives answer to members, not just themselves.

◊ Policies and important decisions are made with member participation.

If a co-operative wants to expand its services, members vote on the proposal rather than the board deciding alone. This is different from a company, where shareholders may have more votes based on their investment. In co-operatives, the users are also the decision-makers.

3. Member Economic Participation

In a co-operative, capital serves the members, not the other way around. Members contribute fairly to the co-operative's funds and share in the benefits. In a dairy co-op, farmers contribute milk (capital) and receive a share of profits based on how much milk they supply, not how much money they invested. Some of the surplus is saved for development, some for reserves, and some may be distributed back to members. This principle ensures the co-operative societies is run by members for their economic benefit.

4. Autonomy and Independence

Co-operatives are self-reliant organisations. They make their own decisions but can work with governments or other institutions without losing control. A farmers' co-op may get government support for irrigation projects, but it retains control over how the funds are used. Autonomy protects the co-operative's identity, values, and long-term sustainability.

5. Education, Training, and Information

A co-operative society can only succeed if members understand it and know how to run it efficiently. Members, elected leaders, managers, and employees need training and education. The wider public, especially young people, should also learn about the benefits of co-operatives. For example, A co-operative may conduct workshops on budgeting, marketing, or sustainable farming practices to help members grow their businesses. Education ensures members can actively participate and contribute to the co-operative's success.

6. Co-operation Among Co-operatives

Co-operatives are stronger when they work together locally, nationally, and internationally. A small agricultural co-op in India may collaborate with an international co-operatives to adopt modern farming technologies or export products. By supporting each other, co-operatives can overcome challenges and grow together.

7. Concern for Community

Co-operatives exist for the benefit of their members, but they also have a responsibility to support the wider community. For example, A retail co-operative may invest in local schools, healthcare, or environmental projects, approved by members.This principle ensures that co-operatives contribute to social, economic, and cultural development, promoting sustainable growth.

These seven principles make co-operatives effective, trustworthy, and distinct from other business models. Governments can support co-operatives by providing a friendly environment, but the co-operatives themselves must adhere to these values. Even in the globalised, technology-driven 21st century, co-operatives remain important. They prioritise people over profit, work democratically, and help communities thrive. In short, co-operatives offer a model of shared value and sustainability, showing how collective effort can solve modern challenges.

Recap

- ◊ Rochdale Principles (First Stage) focused on open membership, democratic control, limited interest on capital, and equitable distribution of surplus, and were introduced by the Rochdale Pioneers in 1844.
- ◊ Reformulated Principles by ICA (Second Stage) in 1937 formalised co-operative principles and classified as essential and non- essential principles.
- ◊ Karve Committee Principles (Third Stage) in 1966 updated the principles to include education, co-operation among co-operatives, and refinement of democratic and financial practices.
- ◊ ICA Principles of 1995 (Fourth Stage) revised the principles to seven, highlighting voluntary membership, democratic control, member economic participation, autonomy, education, co-operation among co-operatives, and concern for community.

Objective Questions

1. In which year were the co-operative principles reformulated by the International Co-operative Alliance.
2. The ICA Tokyo Congress was held in which year.
3. In which year did ICA decide to review the co-operative principles.
4. Democratic control in a co-operative means.
5. The principles of co-operation were formulated for the first time by

Answers

1. 1995
2. 1966
3. 1994
4. One vote
5. Rochdale Pioneers

Self-Assessment Questions

1. Discuss the various stages in the formulation of principles
2. Briefly explain the principles of ICA IN 1995
3. Examine the historical review on formulation of principles by Rochdale Pioneers
4. Define the term autonomy.
5. short note on open membership concept of cooperation.
6. Briefly explain the Karve committee contributions

Assignments

1. Compare the Rochdale Principles of 1844 with the ICA Reformulated Principles of 1937.
2. "The success of a co-operative depends not only on its principles but also on how they are practised." Critically examine this statement with suitable examples.
3. Imagine you are part of a newly formed co-operative in your locality. Which principles would you prioritise and why? Prepare a short proposal explaining your choice.
4. Analyse the differences between the Karve Committee's recommendations and the ICA's global framework, how do national and international perspectives differ in defining co-operation?
5. "Co-operative principles are living values, not rigid rules." Interpret this statement with reference to historical evolution and modern challenges.

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Unit 2
Values

Learning Outcomes

After completing this unit, the learner will be able to;

- ◊ comprehend the Cooperative values
- ◊ gain insight about application of Values to Cooperative principles
- ◊ discuss the distinction between cooperative values and principles

Prerequisite

When farmers faced low prices for their produce, they decided to act together. Instead of depending on middlemen, they formed a co-operative to sell their goods directly to consumers. What united them was not just the need for better income but shared beliefs in honesty, equality, and mutual help their co-operative values. To make these beliefs work in practice, they followed certain co-operative principles such as democratic decision-making and open membership. This story reflects how values give purpose to co-operation, while principles provide the method to put those values into action. In this unit we discussing the core cooperative values.

Keywords

Co-operative Values, Co-operative Principles, Ethical Values, Self-help, Equality, Equity, Solidarity, Democracy, Honesty, Openness

Discussion

Imagine a village life once revolved around small farms and big worries. Every farmer worked hard but earned little. Traders from the nearby town bought their produce at low prices, leaving them helpless. One monsoon, the rains failed, and farmers were pushed into debt. That was when Raman, an elderly farmer, gathered everyone under the big banyan tree and said, “If we can share our joys and sorrows, why can’t we share our strength? “His words planted the seed of a co-operative. The villagers pooled their savings, built a small storehouse, and began selling together. Slowly, their incomes rose, but more importantly they developed trust, honesty, and care for each other. This story shows that co-operation is not just about economics it is about values that bind people together.

3.2.1 Meaning of Co-operative Values

Values act as the invisible threads that bind a cooperative together. They represent the moral beliefs and ethical standards that guide the thoughts, actions, and behaviour of every member. These values are not written laws but shared commitments that give the co-operative its unique identity. In a co-operative, values explain why members work together. They provide the emotional and ethical foundation that inspires unity, trust, and purpose. Members come together not only for economic benefit but also to uphold honesty, fairness, and mutual respect. For example, when the members of a village co-operative decide to sell their produce at fair prices or share profits equally, they are practising co-operative values. Such actions are guided by beliefs in equality, self-help, and solidarity rather than by external pressure.

Thus, co-operative values transform a simple business venture into a community movement based on faith, integrity, and shared responsibility. They ensure that economic progress goes hand-in-hand with social welfare and moral development making co-operation both a way of living and a philosophy of life.

By analysing the life of farmers, shopkeepers, tailors, and weavers all faced one common problem: middlemen who took away most of their hard-earned money. The farmers got low prices for their crops, and the shopkeepers paid high prices for goods. But what truly held them together wasn’t money or buildings it was values. Values acted like invisible threads binding their hearts and minds with trust and common purpose. They were not just business rules; they were moral beliefs that shaped behaviour, trust, and unity.

3.2.2 Core Co-operative Values

Co-operatives are unique socio-economic organisations that combine moral ideals with business efficiency. Their success depends not only on sound management but also on the strength of their underlying values and principles. Values form the ethical and emotional foundation of co-operation, while principles provide the practical framework for implementing those values in everyday operations.

Co-operative values are the shared moral beliefs and ethical standards that guide members' behaviour and decision-making within a co-operative organisation. They define why members come together and what they collectively stand for. According to the International Co-operative Alliance (ICA), these values include self-help, self-responsibility, democracy, equality, equity, and solidarity, along with ethical values such as honesty, openness, social responsibility, and caring for others. These values reflect the human dimension of co-operatives, ensuring that economic activities remain socially responsible and people-centred. Core Co-operative Values are as follows:

1. Self-Help

Self-help refers to the practice where members of a cooperative take collective action to address their economic or social challenges. It encourages self-reliance and reduces dependency on external assistance. Co-operatives are founded on the belief that people can improve their own conditions by working together for mutual benefit. For example, community farming cooperatives, where individuals come together to pool resources and knowledge, improve agricultural practices

2. Self-Responsibility

Self-responsibility emphasises the duty of every member to contribute actively to the success and integrity of the co-operative. Members are accountable for their decisions, participation, and conduct. It ensures discipline, commitment, and a sense of ownership. For example in a community farming cooperative, members are accountable for maintaining equipment and making decisions, ensuring the cooperative's success.

3. Democracy

Democracy is the cornerstone of co-operative governance. Each member has equal voting rights, regardless of capital contribution. This value ensures participatory decision-making, transparency, and collective control of the organisation. For example, in a worker cooperative, all employees have an equal vote in key decisions, promoting collective governance

4. Equality

Equality signifies that all members are treated with fairness and respect. Every individual enjoys equal status and rights within the co-operative. It eliminates social, economic, and gender discrimination, promoting inclusiveness and mutual respect. In a credit union, all members have equal voting rights, regardless of their financial contribution, ensuring fairness.

5. Equity

Equity relates to fairness in sharing responsibilities, benefits, and burdens. Rewards are distributed according to members' participation and contribution rather than their social or financial position. It upholds justice and proportional sharing of benefits. In a cooperative housing society, resources and profits are shared based on participation, not financial investment.

6. Solidarity

Solidarity represents unity of purpose and mutual support among members. It encourages co-operation in times of need and strengthens the collective spirit. Solidarity transforms a group of individuals into a cohesive community working for shared progress. In a fair trade cooperative, members support each other during hardships by sharing resources or assisting in sales

In the context of digitalisation and globalisation, values such as solidarity and self-help are crucial, as they enable cooperatives to adapt and thrive in rapidly changing environments. These values foster collaboration and collective action, ensuring that members can navigate challenges together, even in complex global markets.

In addition to the core values, co-operatives also uphold a set of ethical values that determine their moral conduct and relationship with society. These include:

◊ **Honesty:** Maintaining truthfulness and integrity in all business dealings and governance activities.

◊ **Openness:** Ensuring transparency in operations, information sharing, and decision-making.

◊ **Social Responsibility:** Taking into account the welfare of the community and environment in all activities.

◊ **Caring for Others:** Extending help to fellow members and supporting vulnerable groups in society.

Ethical values strengthen the trust and credibility of the co-operative movement. They convert co-operation into a moral and social force that contributes to holistic human development.

3.2.3 Co-operative Principles and Application of Values

While values represent the ideals of co-operation, principles translate those ideals into concrete action. The International Co-operative Alliance (ICA), in its 1995 Statement on the Co-operative Identity, outlined seven principles that guide co-operatives worldwide. These principles serve as operational guidelines through which values are implemented in practice. The core principles are discussed in short as follows:

(Principle in detail we discussed in unit 1)

1.Voluntary and Open Membership

Co-operatives are open to all persons who are willing to accept the responsibilities of membership, without discrimination on the basis of gender, caste, religion, or social status. Membership is voluntary, and no individual is compelled to join or remain in the organisation.

2.Democratic Member Control

Co-operatives are democratic organisations controlled by their members, who actively participate in setting policies and making decisions. Each member has one vote, ensuring equality and collective leadership.

3.Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. Surpluses are distributed for the development of the co-operative, benefit of members, or community welfare. This ensures that economic rewards are linked to contribution rather than capital ownership.

4.Autonomy and Independence

Co-operatives are autonomous, self-help organisations controlled by their members. When they enter into agreements with external agencies, such as governments or financial institutions, they maintain their democratic independence and integrity.

5.Education, Training, and Information

Co-operatives provide education and training to their members, elected representatives, and employees to strengthen their capacity for effective participation and management. They also inform the public about the nature and benefits of co-operation.

6.Co-operation Among Co-operatives

Co-operatives serve their members most effectively by working together through local, national, regional, and international structures. This inter-co-operative collaboration enhances efficiency, market reach, and social impact.

7.Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members. They engage in social welfare, environmental protection, and community development initiatives.

Co-operative values and principles are the foundation of the co-operatives. They are significant to:

- ◊ Promote economic democracy and social justice.
- ◊ Strengthen member participation and accountability.
- ◊ Ensure equitable distribution of benefits.
- ◊ Encourage sustainable and ethical business practices.
- ◊ Build community solidarity and inclusive development.

Together, these values and principles transform co-operatives into people-oriented enterprises that balance economic success with social responsibility. Co-operative values and principles form the ethical and operational pillars of the co-operative movement. Values provide the moral vision, while principles offer the practical mechanism for achieving it. By adhering to both, co-operatives ensure that their activities remain democratic, fair, and socially responsible, contributing meaningfully to economic and community development's-operatives teach us that true development is not only about economic gain but also about human dignity, equality, and shared responsibility. When values guide action, and principles turn into practice, co-operation becomes a way of life. Values explain why people come together to co-operate. They represent the purpose and beliefs that guide their actions. Principles, on the other hand, show how co-operation actually works in practice by providing clear rules and methods. When values and principles work together, they create harmony between the heart (our intentions) and the hands (our actions) of every co-operative.

Co-operative values and principles are closely related but have different roles in guiding co-operatives. Values remain constant and form the foundation of the co-operative spirit. But principles can evolve over time to meet changing needs and circumstances. Let us discuss in detail the distinction between co-operative values and co-operative principles.

3.2.4 Distinction between Co-operative Values and Principles

The co-operative movement is built upon two strong pillars values and principles. Both are essential for the growth and identity of co-operatives, but they serve different purposes.

Co-operative Values express the moral foundation and beliefs that inspire members to come together. They explain why people co-operate the inner motivation behind the movement. Values such as self-help, democracy, equality, equity, and solidarity form the heart of co-operation. Members also believe in ethical values like honesty, openness, social responsibility, and caring for others.For example, when members of a dairy co-operative share profits equally and support each other during difficult times, they are practising the values of equality and solidarity. These values do not change with time, they are permanent and represent the soul of the co-operative movement.

Co-operative Principles, on the other hand, are the practical rules that guide how co-operatives work. They show how co-operation is put into action in real life. The International Co-operative Alliance (ICA) has reviewed and reformulated these principles several times in 1937 (Paris), 1966 (Vienna), and 1995 (Manchester) to suit changing economic and social conditions. However, the spirit behind them has always remained the same.

Table 3. 2.1 Distinction between Co-operative Values and Principles

Basis	Co-operative Values	Co-operative Principles
Meaning	Ethical beliefs and ideals that inspire co-operation.	Practical rules to apply values in real life.
Nature	Permanent and universal.	Can be reviewed and reformulated.
Purpose	Explain why we co-operate.	Explain how we co-operate.
Focus	On beliefs and ethics.	On operations and practices.
Example	Honesty, equality, solidarity etc.	Democratic control, open membership etc.

In conclusion, co-operative values and principles together form the backbone of the co-operative movement. Values give co-operation its moral strength and human purpose, while principles provide the practical framework to implement these ideals effectively. Values remain timeless and universal, guiding members toward honesty, equality, and mutual help, whereas principles evolve with time to address new social and economic realities. Thus, both complement each other. Values define the spirit of co-operation, and principles ensure its successful practice in everyday operations.

Recap

- ◊ Co-operative values are the moral and ethical beliefs that guide members in working together for mutual benefit and social good.
- ◊ Co-operative principles are the practical guidelines through which co-operatives apply their shared values in day-to-day operations and decision-making.
- ◊ Both co-operative values and co-operative principles guide the behaviour and functioning of co-operatives, promoting unity, fairness, and mutual benefit among members.
- ◊ Co-operative values are the moral beliefs that explain why members co-operate, while co-operative principles are the practical rules that show how those values are applied in the functioning of a co-operative.
- ◊ Co-operative values remain constant as they represent timeless moral beliefs guiding co-operation, whereas co-operative principles may change or be reformulated over time to suit the changing needs and conditions of society.

Objective Questions

1. Which value emphasis reliance on one's own efforts is co-operative?
2. Which co-operative value promotes farmers among members?
3. Which value ensures truithful dealing in co-operation?
4. Which value supports unity and mutal support among members?
5. Which co-operative value encourage members to be accountable?
6. Which value requires co-operative to be open and transperent is their operation?

Answers

1. set help
2. Equality
3. Honesty
4. Solidarity
5. Self - responsibility
6. Openness

Self-Assessment Questions

1. Name any two co-operative values.
2. Compare and contrast co-operative values and principles.
3. Explain all major co-operative values and how they contribute to the success of a co-operative society.
4. Explain the value of democracy in a co-operative society with an example.
5. Explain the relevance of co-operative values in modern co-operative societies.

Assignments

1. Critically evaluate how co-operative values act as the ethical foundation for the application of co-operative principles. Use suitable examples from Indian co-operative institutions.
2. Discuss how the violation of co-operative values can lead to the failure of co-operative societies, even if principles are technically followed. Give at least two real or hypothetical examples.
3. In light of modern challenges like digitalisation, globalisation, and individualism, analyse whether traditional co-operative values remain relevant today
4. Differentiate between co-operative values and principles using examples from producer and consumer co-operatives. Explain how these differences influence organisational behaviour.
5. "Values guide behaviour, while principles guide performance. "Justify or refute this statement in the context of co-operative management.

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4
BLOCK

Co-Operative Societies Based on Terms Of lending

Unit 1
Short Term and Medium Term Co-Operative Societies

Learning Outcomes

After completing this unit, the learner will be able to;

- ◊ know the structure and functions of short- and medium-term co-operative societies
- ◊ explain the role and operations of Primary Agricultural Credit Societies.
- ◊ evaluate the function of Urban Co-operative Banks and Employees Credit Societies.
- ◊ interpret regulatory and operational challenges faced by short- and medium-term co-operatives.
- ◊ assess the financial and social impact of these co-operative institutions on local communities

Prerequisite

The study of co-operative societies based on the term of lending enables learners to understand the comprehensive structure and functioning of credit institutions that cater to both short-term and long-term financial needs. By exploring the short- and medium-term institutions such as Primary Agricultural Credit Societies (PACS), Urban Co-operative Banks (UCBs), Employees' Credit Societies, District Co-operative Banks (DCBs), and State Co-operative Banks (SCBs), learners gain insight into how these organizations provide essential credit for immediate and recurring purposes like agriculture, small businesses, and personal needs. At the same time, through the study of long-term institutions like Primary Co-operative Agriculture and Rural Development Banks (PCARDBs) and State Co-operative Agriculture and Rural Development Banks (SCARDBs), students learn how developmental and investment-oriented credit requirements such as land development, irrigation, and mechanization are met. Overall, the chapter equips learners with the ability to differentiate between the roles of short-, medium-, and long-term co-operatives, analyze their importance in rural and urban economic development, and appreciate their contribution to financial inclusion and community welfare.

Keywords

Short-term , Medium-term , Long-term Co-operatives, PACS, UCBs, Employees' Credit Societies, DCBs, SCBs

Discussion

4.1.1 Introduction

Co-operative credit societies play a crucial role in meeting the financial needs of their members, especially in rural and semi-urban areas. Based on the duration of loans they provide, these societies are broadly classified into short-term, medium-term, and long-term lending societies. This classification ensures that the financial requirements of members, whether immediate, seasonal, or long-lasting, are effectively addressed through a structured system of lending. By categorizing lending periods, co-operatives can function more efficiently, aligning their resources with the specific nature of credit demands.

Short-term lending co-operative societies generally focus on providing loans for immediate and seasonal needs such as crop cultivation or daily business operations, with repayment periods usually not exceeding one year. Medium-term societies extend credit for a period ranging from one to five years, often used for purposes like purchasing equipment or improving agricultural productivity. Long-term lending co-operative societies, on the other hand, provide credit for more extended requirements like land development, construction, or housing, with repayment spanning beyond five years. This system of lending based on time frame helps in catering to diverse financial needs, thereby strengthening economic development at the grassroots level.

Thus co-operative societies based on the term of lending provide a structured and inclusive framework to meet the varied financial needs of their members. By classifying credit into short-term, medium-term, and long-term lending, these societies ensure that both immediate necessities and long-term developmental goals are effectively supported. This system not only promotes financial stability among members but also fosters self-reliance, agricultural growth, and community development. Thus, lending based on terms of credit remains a cornerstone in strengthening the co-operative movement and empowering grassroots economies.

4.1.2 Definitions

A Co-operative Society based on the term of lending refers to a co-operative credit institution organized to provide financial assistance to its members, categorized by the period of lending. These societies ensure timely credit for agricultural, business, and personal purposes by dividing loans into short-term, medium-term, and long-term categories.

Co-operative societies based on the term of lending are classified credit organizations that provide loans according to the purpose and repayment capacity of members. By distinguishing between short-term, medium-term, and long-term loans, these societies strengthen financial inclusion and support both immediate and developmental needs of individuals and communities.

Thus Co-operative societies based on the term of lending are credit institutions classified according to the duration for which they provide loans to their members. They are generally divided into three categories:

1. **Short-term co-operative societies:** which provide credit for up to one year to meet immediate and seasonal needs.
2. **Medium-term co-operative societies:** which grant loans for a period ranging from one to five years, usually for purposes like purchase of equipment or improvements in agriculture.
3. **Long-term co-operative societies:** which provide credit for more than five years to support long-term developmental activities such as land development, housing, or construction.

4.1.3 Short-Term Co-Operative Societies

Short-term co-operative societies, particularly in the agricultural sector, are financial institutions designed to provide short-term loans to farmers and rural communities. These societies operate on a multi-tiered structure, typically with Primary Agricultural Credit Societies (PACS) at the village level, Central Cooperative Banks at the district or regional level, and a State Cooperative Bank at the apex level. They offer loans for crop production, working capital, and other short-term needs, and may also provide services like input supply and marketing assistance.

Short-term co-operative societies are the foundation of the co-operative credit structure, primarily functioning at the grassroots level to meet the immediate and seasonal financial needs of members. They provide credit for a period not exceeding one year, mainly to farmers for crop cultivation, purchase of seeds, fertilizers, and other short-duration agricultural requirements. By offering timely loans at affordable interest rates, short-term co-operative societies help reduce dependence on moneylenders, promote agricultural productivity, and strengthen the rural economy.

By offering credit at reasonable interest rates, short-term co-operative societies protect rural borrowers from the exploitative practices of moneylenders. They not only reduce the burden of high-interest debt but also encourage savings and collective financial discipline among members. Ultimately, these societies contribute to increasing agricultural output, uplifting rural livelihoods, and strengthening the overall rural economy.

Thus Short-term cooperative societies are member-owned, democratic organizations that pool resources to meet the immediate financial needs of their members, primarily through lending and credit services. These societies are built on the principles of self-help and mutual aid, with members working together to achieve common economic goals, rather than prioritizing profit for external stakeholders.

4.1.3.1 Features of Short-Term Co-Operative Societies

Short-term cooperative societies, also known as Primary Agricultural Cooperative Credit Societies (PACCS), are designed to provide short-term agricultural credit to their members. They operate at the grassroots level, primarily serving the credit needs of rural farmers. Key features include voluntary membership, democratic management, limited liability, and a focus on mutual cooperation and self-help. The features are briefly explained below:

1. **Voluntary Membership:** Any one can join the society by fulfilling certain conditions, and they can leave when they wish.
2. **Democratic Management:** Each member has one vote, regardless of their shareholding, ensuring equal participation in decision-making.
3. **Limited Liability:** Members' liability is limited to the amount of their share capital, protecting their personal assets.
4. **Service-Oriented:** The primary goal is to serve the needs of the members, rather than maximizing profit.
5. **Mutual Cooperation:** Members work together to achieve common goals, fostering a spirit of self-help and collective responsibility.
6. **Access to Credit:** They provide short-term loans to members for agricultural activities, often at lower interest rates than commercial banks.
7. **Simplified Procedures:** The process of becoming a member and accessing loans is generally simpler and more accessible than with other financial institutions.
8. **Community Focus:** These societies often play a vital role in the socio-economic development of their operational area.
9. **Other Services:** Besides credit, they may offer other services like crop insurance, storage, and marketing assistance.

Thus PACCS, Central Cooperative Banks (CCBs), and State Cooperative Banks form the short-term cooperative credit structure. PACCS provide essential credit for crop production and are integral in reducing farmers' reliance on moneylenders

4.1.3.2 Objectives of Short-Term Cooperative Societies:

Short-term cooperative societies primarily aim to provide their members with readily available financial assistance, primarily in the form of short-term loans for agricultural orother immediate needs. They also promote savings, provide essential goods, and encourage self-reliance within the community. Following are some of the objectives:

1. **Providing Short:**Term Credit:The core function of these societies is to offer loans to members for seasonal agricultural operations, like buying seeds, fertilizers, and other inputs, or for other immediate financial needs. These loans are typically provided at reasonable interest rates, ensuring affordability and preventing members from falling into the clutches of moneylenders.
2. **Mobilizing Savings:** They encourage members to save regularly by providing a safe and convenient platform to deposit their money. This not only helps members build financial security but also provides the society with a pool of funds to lend out.
3. **Supplying Essential Goods and Services:** Many short-term cooperative societies also provide members with access to essential goods like seeds, fertilizers, and other farm inputs at fair prices. Some may also offer services like storage facilities for agricultural produce or assistance with marketing.
4. **Promoting Self-Help and Mutual Help:** These societies emphasize the principle of self-help, encouraging members to work together to improve their economic conditions. Mutual help is also a key aspect, with members supporting each other and sharing resources to achieve common goals.
5. **Fostering Community Development:** By providing access to credit, essential goods, and services, short-term cooperative societies contribute to the overall development of the community. They empower members to improve their livelihoods, leading to increased economic activity and social well-being.
6. **Operating on Cooperative Principles:** These societies are based on the principles of democracy, equality, and social justice. Members have an equal say in the decision-making process, regardless of their shareholding, and the focus is on collective benefit rather than individual profit.

Thus the objectives of short-term co-operative societies revolve around meeting the immediate and seasonal credit needs of farmers, small traders, and weaker sections of society. By providing affordable and timely loans, they reduce dependence on moneylenders, encourage savings, and promote financial inclusion at the grassroots level. These societies strengthen rural credit delivery through their three-tier structure—PACS, District Co-operative Banks, and State Co-operative Banks—ensuring accessibility, mutual support, and democratic functioning. In essence, short-term co-operative societies play a vital role in fostering self-reliance, supporting agricultural productivity, and contributing to the socio-economic development of rural and semi-urban communities.

4.1.3.3 Significance of Short-Term Credit Co-operative Societies

1. **Meeting Immediate Financial Needs:** Short-term credit co-operative societies provide loans for a period of up to one year, enabling farmers and rural households to meet seasonal needs such as crop cultivation, purchase of seeds, fertilizers, pesticides, and other urgent expenses. This timely support ensures

smooth agricultural operations.

2. **Reducing Dependence on Moneylenders:** By offering loans at reasonable interest rates, these societies protect rural borrowers from exploitation by moneylenders who often charge very high rates. This strengthens financial security among small farmers and weaker sections.By offering loans at affordable interest rates, short-term co-operatives protect rural borrowers from exploitative moneylenders who charge high interest

3. **Promoting Agricultural Productivity:** With easy access to short-term credit, farmers can invest in better seeds, fertilizers, and technology, leading to higher productivity and improved crop yields. This contributes directly to food security and rural economic growth.

4. **Encouraging Savings and Co-operation:** Short-term credit societies not only provide loans but also mobilize deposits from members. They cultivate the habit of thrift, savings, and mutual help, which strengthens the co-operative movement and community development.

5. **Strengthening the Rural Economy:** By providing financial assistance at the grassroots, these societies support farmers, artisans, and small entrepreneurs. This leads to increased employment, higher incomes, and overall rural development.

6. **Foundation of Co-operative Credit Structure:** Short-term co-operative societies, especially Primary Agricultural Credit Societies (PACS), form thebase of the three-tier co-operative credit system. They serve as the first point of contact between farmers and the co-operative banking system, ensuring last-mile credit delivery.

4.1.4 Medium-Term Co-Operative Society

A Medium-Term Cooperative Society is a type of cooperative society that provides loans with a repayment period longer than short-term loans but shorter than long-term loans. These societies often play a crucial role in providing financial support to their members for various purposes, such as agricultural development, housing, or other income-generating activities. They typically operate within a multi-tiered credit structure, alongside short-term and long-term cooperative institutions. Such type of Cooperative Society provides loans to its members for a period generally ranging from 15 months to 5 years. It bridges the gap between short-term credit societies (which provide loans up to 12 months) and long-term credit societies (which provide loans for more than 5 years). These societies mainly assist farmers and small entrepreneurs in meeting expenses related to agricultural improvements, small-scale investments, and repayment of old debts.

The loans provided by medium-term co-operative societies are generally used for activities like purchasing agricultural implements, digging wells, fencing land, improving soil, or developing small businesses. The funds for these loans are usually arranged through central co-operative banks, state co-operative banks, and sometimes government support. Security is often taken in the form of land mortgages, crop hypothecation, or personal guarantees. By providing this category of credit, these societies help promote rural development and economic stability among their members.

Medium-term co-operative societies play a vital role in reducing the dependence of farmers and rural populations on moneylenders who charge high rates of interest. They ensure that credit is available at reasonable rates and on flexible terms, thereby encouraging productive investment. In this way, they strengthen the rural credit structure, support agricultural modernization, and improve the overall socio-economic conditions of their members.

4.1.4.1 Features of Medium-Term Co-Operative Society

1. **Purpose-Oriented Credit:** Medium-term co-operative societies are primarily established to provide credit for productive purposes such as land improvement, minor irrigation, purchase of agricultural machinery, livestock development, and repair of wells and farm buildings.
2. **Loan Tenure:** These societies grant loans for a medium duration, generally ranging from 3 to 7 years, which lies between short-term crop loans and long-term development loans.
3. **Borrower Base:** The main beneficiaries are small and marginal farmers, tenant farmers, and rural artisans who require finance beyond seasonal needs but not for very long-term projects.
4. **Institutional Structure:** Medium-term credit is usually provided through District Central Co-operative Banks (DCCBs) and State Co-operative Banks (SCBs) as part of the co-operative credit structure.
5. **Security of Loans:** Loans are commonly secured against land, movable assets, or personal guarantees, making them accessible to farmers with limited collateral.
6. **Moderate Interest Rates:** Interest rates are generally lower than those of moneylenders and commercial banks, ensuring affordability for rural borrowers.
7. **Government Support:** These societies often receive refinance, subsidies, and policy support from state governments and NABARD, strengthening their lending capacity.
8. **Flexibility in Repayment:** Repayment schedules are aligned with agricultural income cycles, allowing borrowers to repay after harvests or income realization.
9. **Promotion of Rural Development:** By financing developmental activities, medium-term co-operative societies contribute to increased agricultural productivity, income generation, and rural infrastructure development.
10. **Member-Controlled Management:** They function on co-operative principles such as democratic control, mutual help, and service orientation rather than profit maximization.

4.1.4.2. Significance of Medium-Term Co-Operative Society

1. **Financial Inclusion: Medium:** term cooperatives provide access to financial services for individuals and small businesses who may not be eligible for loans from traditional banks, thus promoting financial inclusion.
2. **Economic Empowerment:** By offering loans for productive purposes like agriculture, small businesses, and other income-generating activities, they empower individuals and communities to improve their economic standing.
3. **Community Development:** Medium-term cooperatives contribute to community development by supporting local initiatives, infrastructure projects, and social welfare programs.
4. **Reduced Dependence on Moneylenders:**They offer an alternative to high-interest loans from moneylenders, protecting members from debt traps and exploitation.
5. **Savings Mobilization:** These societies encourage savings habits among members, pooling resources for collective benefit and future investments.
6. **Democratic Participation:** Cooperative societies operate on the principle of democratic control, where members have a say in decision-making, fostering a sense of ownership and accountability.
7. **Social Upliftment:** Medium-term cooperatives often focus on the welfare of their members and the wider community, addressing social issues like poverty, education, and healthcare.
8. **Skill Development:** They may also offer training and capacity-building programs to enhance members' skills and knowledge, improving their earning potential.
9. **Sustainable Development:** By promoting responsible lending and investment practices, medium-term cooperatives contribute to long-term sustainable development within the community, according to the European Parliament.
10. **Reduced Income Inequality:** By providing access to resources and opportunities for all members, regardless of their economic background, these societies can help reduce income inequality within the community.

4.1.5 Structure of Short-Term and Medium-Term Cooperative Societies:

Short-term & Medium-term cooperative credit societies in India typically follow a three-tier structure. This structure includes Primary Agricultural Credit Societies (PACS) at the base, Central Cooperative Banks (CCBs) in the middle, and the State Cooperative Bank (StCB) at the apex. These societies primarily focus on providing short-term loans, like crop loans, to farmers and rural artisans.

4.1.5.1 Primary Agricultural Credit Societies (PACS):

These are the foundational level of the structure, operating at the village level. They directly interact with farmers and provide them with short-term loans for agricultural inputs like seeds, fertilizers, and other necessary expenses for crop production. PACS also offer other services like input supply, storage, and marketing of produce. Primary

Agricultural Credit Societies (PACS) are the grassroots institutions of the short-term co-operative credit structure in India, established to provide timely and affordable credit to farmers and rural households. They function at the village level and act as the first point of contact between the rural population and the co-operative banking system. PACS are organized on the principles of co-operation, mutual help, and democratic management, with membership drawn mainly from farmers, agricultural labourers, and rural artisans. Their primary objective is to meet the credit needs of members for agricultural operations such as crop production, purchase of seeds and fertilizers, irrigation, and allied activities.

PACS play a crucial role in promoting financial inclusion in rural areas by offering short-term and medium-term loans at reasonable interest rates, thereby reducing farmers' dependence on moneylenders. Besides credit, many PACS also undertake non-credit activities such as distribution of agricultural inputs, marketing of produce, consumer goods supply, and implementation of government schemes. By strengthening rural credit delivery and supporting agricultural development, PACS contribute significantly to the socio-economic development of rural India and the stability of the co-operative banking structure.

Primary Agricultural Credit Societies are the grass root level arms of the short-term co-operative credit structure. PACS deals directly with the rural (agricultural) borrowers, give those loans and collect repayments of loans given and also undertake distribution and marketing functions. They are the foundation of the cooperative credit structure and play a crucial role in meeting the short-term and medium-term credit needs of farmers. PACS were set up with the objective of freeing farmers from the clutches of moneylenders, providing them with timely and affordable agricultural credit, and thereby supporting agricultural development and rural welfare.

4.1.5.2 Objectives of PACS

The main objectives of PACS include:

1. To provide short-term and medium-term agricultural credit for crops, seeds, fertilizers, irrigation, and other inputs.
2. To promote thrift and savings habits among rural people.
3. To ensure availability of agricultural inputs like fertilizers, seeds, pesticides, and implements.
4. To help in marketing of agricultural produce and procurement under Minimum Support Price (MSP).
5. To promote self-help and cooperation among members of the rural community.
6. To act as an instrument of financial inclusion and rural development.

4.1.5.3 Features of PACS

1. **Grass-root level institutions:** Work at village or small cluster level.
2. **Membership-based:** Membership is voluntary and generally open to farmers,

rural artisans, and small traders.

3. **Credit facility:** Provide short-term and medium-term loans mainly for agriculture.
4. **Democratic structure:** Managed on cooperative principles – one member, one vote.
5. **Link in three-tier structure:** Act as the base level, linked with Central Cooperative Banks (CCBs) and State Cooperative Banks (SCBs).
6. **Multi-purpose role:** Apart from loans, many PACS distribute fertilizers, seeds, and act as agents for procurement.
7. **Government support:** Receive refinancing facilities and subsidies from NABARD and other agencies.
8. **Local knowledge:** Committee members are from the same village, so they understand members' needs better.
9. **Low capital base:** Owned funds are limited, heavily dependent on borrowings.
10. **Rural development agents:** Contribute to agricultural modernization and financial inclusion.

4.1.5.4 Functions of PACS

1. Providing short-term loans (up to 12 months) for crop production.
2. Granting medium-term loans (1–5 years) for purchase of cattle, agricultural equipment, or land development.
3. Supplying agricultural inputs like seeds, fertilizers, pesticides, and equipment.
4. Acting as agents for the procurement of agricultural produce under government schemes.
5. Encouraging savings and thrift deposits among members.
6. Offering consumption loans for urgent domestic needs.
7. Implementing government's rural development and subsidy programmes.

4.1.5.5 Sources of Finance

PACS raise funds from the following sources:

1. Share capital contributed by members.
2. Deposits from members and non-members.
3. Borrowings from Central Cooperative Banks and NABARD.
4. Grants, subsidies, and other assistance from the Government.

4.1.5.6 Membership

Membership in PACS is voluntary and generally open to:

1. Farmers (small, marginal, and large).
2. Agricultural laborers.

3. Rural artisans and small traders.

Members contribute to share capital and also participate in decision-making on the principle of "one member, one vote."

4.1.5.7 Advantages of PACS

1. Provide timely credit at affordable interest rates to farmers.
2. Reduce dependence on moneylenders and rural debt traps.
3. Encourage cooperation and community development.
4. Ensure availability of agricultural inputs and services at the village level.
5. Support the government in implementing MSP procurement and subsidy programmes.
6. Act as instruments of financial inclusion by reaching remote areas.
7. Strengthen the rural cooperative movement and democratic participation.

4.1.5.8 Role and Importance/ Significance of PACS

1. Financial Support

PACS are a primary source of short-term and medium-term loans for farmers to purchase seeds, fertilizers, and other agricultural inputs.

2. Agricultural Inputs

They facilitate the distribution of essential inputs like seeds, fertilizers, and pesticides to member farmers.

3. Marketing Support

PACS assist farmers in marketing their produce by connecting them with buyers and potentially setting up rural markets.

4. Promoting Sustainable Practices

They can play a role in promoting better crop production practices and efficient marketing strategies.

5. Community Development

PACS foster a sense of community and cooperation among farmers, promoting local development.

6. Access to Credit

PACS are a vital link between farmers and formal credit, particularly for those who may not have access to traditional banking services.

7. Rural Development

They play a significant role in the overall development of rural areas by supporting agricultural activities and improving livelihoods.

8. Sustainable Agriculture

PACS can contribute to sustainable agriculture by promoting better farming practices and efficient resource management.

9. Financial Inclusion

They promote financial inclusion by bringing more farmers into the formal financial system.

4.1.5.9 Problems/ Limitations of PACS

Despite their importance, PACS face several challenges:

1. Weak financial base and low capital.
2. High loan defaults and Non-Performing Assets (NPAs).
3. Excessive dependence on higher cooperative institutions for funds.
4. Political interference in management and lending decisions.
5. Poor recovery mechanisms and lack of professionalism.
6. Benefits often cornered by large farmers, leaving out small and marginal ones.
7. Inefficient management due to lack of trained staff.

Thus Primary Agricultural Credit Societies (PACS) are vital institutions for rural India. Despite their weaknesses, they have been instrumental in making credit available to millions of farmers and supporting agricultural growth. With modernization, professional management, and better recovery systems, PACS can emerge as strong multi-purpose rural institutions that not only provide credit but also promote overall rural development.

4.1.6 Urban Co Operative Banks

The term Urban Co-operative Banks (UCBs) refers to primary cooperative banks located in urban and semi-urban areas. Until 1996, these banks were only permitted to lend money for non-agricultural purposes. This distinction is no longer valid today. Traditionally, these banks were centred on communities, localities, and workplace groups. They primarily gave loans to small borrowers and businesses. Their scope of operations has expanded significantly since then.

The origins of the urban cooperative banking movement in India can be traced back to the late nineteenth century, when such societies were established in India, inspired by the success of experiments related to the cooperative movement in Britain and Germany. Cooperative societies are founded on the principles of mutual aid, democratic decision-making, and open membership. Cooperatives represented a new and different approach to organisation in comparison to the dominant forms of commercial organisation, which were proprietary firms, partnership firms, and joint-stock companies.

The first known mutual aid society in India was most likely the "AnyonyaSahakariMandali," which was founded in 1889 in the erstwhile princely state of Baroda under the leadership of Vithal Laxman, also known as BhausahebKavthekar. In their early stages, urban co-operative credit societies were formed on a community basis to meet the demand for consumption-oriented credit.Salary earners' societies that instilled thrift and self-help habits played a significant role in popularising the movement, particularly among the middle class and organised labour.The passage of the Cooperative Credit Societies Act in 1904, on the other hand, provided the real impetus to the movement.

In October 1904, the first urban cooperative credit society was established in Canjeevaram (Kanjivaram), in the then-Madras province.The Bombay Urban Co-operative Credit Society, founded on January 23, 1906, by VithaldasThackersey and LallubhaiSamaldas, was the most prominent of the early credit societies.The Cooperative Credit Societies Act of 1904 was amended in 1912 to allow for the formation of non-credit societies.The Maclagan Committee, formed in 1915, was tasked with reviewing their performance and recommending ways to improve it.

Examples for successful Urban Cooperative Banks

For five consecutive years Saraswat Co-operative Bank received the 'IBA Best Technology Bank of the Year Award'. This is an example of how it uses innovation to provide customer service. Similarly, the MDCB (the Mumbai District Central Co-operative Bank) has taken a number of initiatives to assist small businesses and individuals in Mumbai through providing a wide array of financial products and using a transparent and community focused approach. The Pune District Co-operative Bank, which was recognized for its large efforts in providing financial inclusion, assisted local entrepreneurs and residents with access to affordable banking and credit services. Through the use of technology and community-based initiatives these three banks have become major pillars of the urban co-operative banking system and are assisting in the advancement of regional economic growth and financial stability.

4.1.6.1 Significance - Urban Cooperative Banks

1. Urban cooperative banks are primarily localised financial service providers that have been in operation for more than a century. Their speciality is catering to the lower middle class and people with limited resources, as well as self-employed and micro-enterprises.
2. Urban cooperative banks play an important role in mobilising deposits and financing the small-borrower sector, which includes small-scale industries, professionals, retailers, and so on.
3. Cooperative banks have been instrumental in providing financial assistance to the rural sector.

4.1.6.2 Functions of Urban Co-Operative Bank

Following are the main functions of Urban Co-operative Banks (UCBs):

1. Mobilize Deposits

Accept savings, fixed, and recurring deposits from members and the public.

2. Provide Loans and Advances

Offer credit to small traders, salaried persons, professionals, and self-employed individuals.

3. Support MSMEs

Finance micro, small, and medium enterprises for business growth.

4. Priority Sector Lending

Lend to weaker sections, small borrowers, and socially important sectors as per RBI norms.

5. Housing Finance

Provide loans for construction, purchase, or repair of houses.

6. Consumer and Personal Loans

Lend for education, transport, consumer durables, and personal needs.

7. Remittance Services

Facilitate money transfer, cheque clearing, demand drafts, NEFT/RTGS, and mobile banking.

8. Financial Inclusion

Extend banking services to urban and semi-urban people lacking access to commercial banks.

9. Promote Savings Habit

Encourage thrift and financial discipline among members of the community.

10. Community Development

Function on cooperative principles, supporting local economic and social welfare.

4.1.7 Employees Credit Societies

Employees credit societies are a type of cooperative financial institution formed by employees of a particular organization, company, or government department. They operate on the principles of self-help and mutual aid, providing financial services primarily to their members. The society pools the regular savings of employees and utilizes these funds to grant loans to members at reasonable rates of interest. By doing so, it helps members meet financial needs such as education, medical expenses, housing, or other personal requirements without depending on high-interest moneylenders.

These societies operate on the principle of mutual help and cooperative spirit, ensuring financial security and solidarity among employees. They also inculcate saving habits, provide financial discipline, and often distribute surplus profits as dividends or rebates to members. In addition to credit services, some employee credit societies also undertake welfare activities and create a support system that enhances the economic stability and well-being of employees.

Thus Employee Credit Societies are member-owned, employee-based financial co-operatives providing affordable loans and encouraging savings. They strengthen financial discipline, reduce exploitation by moneylenders, and promote welfare among employees while working within the co-operative framework.

4.1.7.1 Definition

An Employee Credit Society is a type of co-operative society established under the Co-operative Societies Act (varies by state in India), where members are employees of the same company, office, institution, or department, who pool their savings and provide loans to one another at reasonable interest rates.

4.1.7.2 Objectives of Employee Credit Societies

1. To encourage savings among employees.
2. To provide credit facilities at low interest rates.
3. To promote financial discipline among employees.
4. To reduce dependence on private moneylenders and high-interest borrowings.
5. To provide emergency loans for medical, educational, or family needs.
6. To support welfare activities for the benefit of members.
7. To inculcate the spirit of self-help and mutual co-operation.

4.1.7.3 Advantages of Employee Credit Societies

1. Easy access to loans at low interest.
2. Loans are secured through salary deductions (low default risk).
3. Encourages saving habits among employees.
4. Protects members from debt traps with moneylenders.
5. Democratic decision-making and transparency.
6. Builds a sense of unity and welfare among employees.
7. Surplus is returned to members as dividends.

4.1.7.4 Limitations / Challenges

1. Membership limited only to employees of a particular employer.
2. Loan amount often restricted to savings and share capital.
3. Sometimes mismanagement or lack of professionalism.
4. Dependence on employer support for salary deductions.
5. Limited scope for large-scale financial assistance compared to commercial

banks.

4.1.7.5 Functions of Employee's Credit Societies

1. Promoting thrift and savings

They encourage members to save regularly through various schemes like compulsory savings, fixed deposits, recurring deposits, and savings accounts.

2. Providing credit

They offer loans at generally lower interest rates compared to traditional banks to meet members' financial needs, such as personal loans, home loans, education loans, and loans for other purposes.

3. Member welfare

The focus is on the welfare of the members rather than maximizing profits.

4. Financial support in emergencies

They can provide quick access to loans during emergencies or unforeseen needs.

5. Long-term fund saving

They assist members in saving for long-term goals like house construction, children's education, and marriage.

4.1.7.6 Benefits of joining an Employees Credit Society

1. Lower interest rates on loans

Members can often access loans at more favorable interest rates compared to commercial banks.

2. Access to credit

They provide financial services, including credit, to members who may not easily qualify for loans from traditional institutions.

3. Member empowerment and democratic control

Members have a voice in decision-making and elect the management committee, ensuring member-centric operations.

4. Financial education and support

Some societies offer programs to enhance financial literacy and provide guidance to members.

5. Sustainable community development

By promoting thrift and supporting members' financial needs, they can contribute to local economic growth and create employment opportunities.

6. Profit sharing

Some societies may share profits with members in the form of dividends or interest rebates.

4.1.7.7 Formation and regulation

1. Employees credit societies are registered under the respective state Co-operative Societies Act.
2. Requirements for registration typically include a minimum number of members, bye-laws outlining the society's objectives and operations, and a certificate from a bank regarding the society's account balance.
3. They are regulated by the Cooperative Department of the state government.

4.1.8 District Co Operative Bank

A District Co-operative Central Bank (DCCB) is a rural cooperative bank operating at the district level in various parts of India. It was established to provide banking to the rural hinterland for the agricultural sector with the branches primarily established in rural and semi-urban areas. It performs all the banking functions as per the Banking Regulation Act 1949. The bank accepts deposits and lends both short-term and long-term credit for production and investment purpose through Primary Agricultural Co-operative Societies and also directly to the farmers.

The banking model consists of a district central bank for each district in every state of India known with a name as a respective District Central Co-operative Bank. The members and their elected directors who represent a multitude of professional cooperative bodies like milk unions, urban cooperatives, rural cooperatives, agricultural and non-agricultural cooperatives, and various others in turn elect the bank's president. These banks are collectively represented by a State Apex Central Co-operative bank for each state and it acts as the ultimate bank and apex body for the DCCBs in each state.

4.1.8.1 Objectives of District Co-operative Banks

1. To provide credit to Primary Agricultural Credit Societies and other co-operatives.
2. To mobilize deposits from rural and semi-urban areas.
3. To meet the short-term and medium-term financial needs of farmers.
4. To implement government-sponsored rural development and poverty alleviation schemes.
5. To act as a balancing centre between PACS and State Co-operative Banks.
6. To promote savings habits among rural people.

4.1.8.2 Structure and Membership

1. **Members:** Mainly Primary Agricultural Credit Societies (PACS), farmers, rural artisans, small traders, and other individuals.
2. **Management:** Managed by a board of directors elected by members, including representatives of PACS and government nominees (in case of shareholding by government).
3. **Branches:** Spread across the district in rural and semi-urban areas.

4.1.8.3 Functions of District Co-operative Banks

1. Credit Functions

a. Provide short-term and medium-term loans to PACS for agricultural purposes.

b. Directly lend to farmers, rural artisans, and small entrepreneurs.

c. Finance seasonal agricultural operations (crop loans).

2. Deposit Functions

a. Accept deposits from individuals, societies, and institutions.

b. Mobilize rural savings through fixed deposits, recurring deposits, and savings accounts.

3. Developmental Functions

a. Promote rural self-employment schemes.

b. Support rural industries, dairy farming, poultry, fisheries, and small-scale industries.

c. Disburse loans under government schemes like Kisan Credit Card (KCC), NABARD refinance schemes, etc.

4. Other Functions

a. Provide remittance and payment facilities.

b. Implement government subsidy-linked schemes.

c. Offer insurance and allied services in collaboration with government agencies.

4.1.8.4 Importance in Indian Economy

District Co-operative Banks play a vital role in financial inclusion and rural development by:

1. Providing easy credit access to farmers and rural people.
2. Reducing reliance on moneylenders.
3. Supporting agricultural growth, rural industries, and poverty alleviation programs.

4. Mobilizing rural savings and channelizing them into productive investments.

4.1.9 State Co-operative Banks (SCBs)

State Co-operative Banks (SCBs) are apex co-operative banks operating at the state level in India. They function as the highest authority in the three-tier co-operative credit structure consisting of:

1. **Primary Agricultural Credit Societies (PACS)** at the village level,
2. **Central Co-operative Banks (CCBs)** at the district level, and
3. **State Co-operative Banks (SCBs)** at the state level.

SCBs serve as a link between the Reserve Bank of India (RBI) / NABARD and the co-operative credit societies functioning at the grassroots. Their primary objective is to provide short-term and medium-term credit to agriculture and allied activities through the lower-tier co-operative institutions.

4.1.9.1 Origin and Evolution

The first State Co-operative Bank was established in 1915 in the then princely state of Mysore.Over time, almost every Indian state has established its own SCB. They were created to meet the credit needs of farmers, artisans, and rural entrepreneurs by pooling funds at the state level and supervising the operations of district co-operative banks. Today, SCBs operate under the dual control of the RBI/NABARD (for regulation and refinance) and the State Registrar of Co-operative Societies (for registration and management under state co-operative laws).

4.1.9.2 Objectives of State Co-operative Banks

1. To serve as the apex financial institution for the co-operative credit system in a state.
2. To act as a balancing center for surplus and deficit co-operative banks in the state.
3. To mobilize resources for co-operative institutions by accepting deposits and borrowing from higher institutions.
4. To provide short-term and medium-term finance to agriculture, allied sectors, and rural development.
5. To ensure effective supervision, regulation, and guidance to central and primary co-operative societies.
6. To promote the growth of the co-operative movement by extending training, managerial, and financial support.

4.1.9.3 Role of State Co-operative Banks in Rural Credit

1. Act as a conduit for rural credit from RBI/NABARD to farmers.
2. Ensure timely availability of credit for agriculture, rural development, and

small-scale industries.

3. Help in reducing dependence on moneylenders in rural areas.
4. Support the implementation of crop loan, Kisan Credit Card (KCC), agricultural modernization schemes, and SHG-bank linkage programs.
5. Promote inclusive growth by extending finance to weaker sections, women, and rural entrepreneurs.

4.1.9.4 Significance of State Co-operative Banks

1. They are the backbone of the co-operative credit system in India.
2. Provide an organized channel for rural credit flow.
3. Contribute to the success of government schemes in agriculture and rural development.
4. Help in mobilizing rural savings and channelling them into productive investments.
5. Strengthen the co-operative movement, ensuring collective growth and socio-economic development.

4.1.9.5 Functions of State Co-operative Banks

1. **Refinance Agency:** They receive refinance facilities from NABARD and extend loans to Central Co-operative Banks (CCBs).
2. **Lending Functions:** Provide loans to CCBs for on-lending to PACS and other societies.
3. **Balancing Function:** Act as balancing centers by channelizing surplus funds from strong CCBs to weaker ones.
4. **Credit Control and Supervision:** Monitor the credit operations of CCBs and ensure financial discipline.
5. **Resource Mobilization:** Mobilize deposits from institutions and the public at large.
6. **Financial Inclusion:** Promote banking in rural and semi-urban areas to strengthen the co-operative network.
7. **Implementation of Government Schemes:** Act as nodal agencies for implementing agricultural credit policies, subsidies, and government-sponsored programs.
8. **Training and Capacity Building:** Provide guidance, training, and technical support to lower-tier co-operative societies.

4.1.9.6 Structure of SCBs

1. **Head Office:** Located in the state capital.
2. **Board of Directors:** Comprising representatives from the state government, CCBs, and elected members.
3. **Branches:** Located in district headquarters and major cities.

4. **Departments:** Credit, deposit, inspection, training, development, and administration.

4.1.9.7 Problems and Challenges of SCBs

1. Overdependence on NABARD for refinance.
2. Poor recovery performance due to defaults at lower levels.
3. Political interference in lending and management.
4. Weak financial position of many CCBs and PACS, which affects SCBs.
5. Dual control (by RBI/NABARD and State Registrar of Co-operatives) creates administrative hurdles.
6. Low modernization and digitization compared to commercial banks.
7. Limited outreach in urban and semi-urban areas.
8. Political interference

Thus State Co-operative Banks (SCBs) are the apex institutions in the state-level co-operative credit system. They play a vital role in mobilizing funds, refinancing central and primary co-operative societies, and implementing rural credit policies. Despite challenges such as poor recovery rates and political interference, SCBs remain crucial in promoting agricultural finance, rural development, and financial inclusion in India.

Medium term cooperatives are an important link between short-term and long-term financing for agriculture by providing medium-term (one to five year) loans to aid in improving farm operations, investing in small scale improvements, as well as developing infrastructure. Medium-term loans will improve the efficiency of agricultural production and provide farmers with the ability to make investments into equipment or land improvements without having to deal with long term debt. The flexibility provided through medium-term cooperative lending allows farmers to effectively meet their financing requirements, leading to sustainable and stable growth.

Recap

- ◊ Short-term and medium-term co-operative societies are formed to provide timely institutional credit to farmers and rural members for productive and operational needs.
- ◊ Short-term co-operative credit is generally provided for a period of up to 15 months, while medium-term credit ranges from one to five years.
- ◊ The short-term co-operative credit structure follows a three-tier system consisting of Primary
- ◊ Agricultural Credit Societies, District Central Co-operative Banks, and State Co-operative Banks.

- ◊ Medium-term loans are mainly channelled through Primary Agricultural Credit Societies and District
- ◊ Central Co-operative Banks with refinancing support from higher-level institutions.
- ◊ These co-operative societies mobilise funds through share capital, member deposits, borrowings, and refinance facilities from NABARD.

Objective Questions

1. Which is the village-level institution providing short-term agricultural credit?
2. What is the apex co-operative bank at the state level?
3. Which type of credit is provided for crop cultivation?
4. What is the usual duration of short-term co-operative credit?
5. UCB stands for?

Answers

1. Primary Agricultural Credit Society
2. State Co-operative Bank (SCB)
3. Short TERM CREDIT
4. Period not exceeding 15 months
5. Urban Co-operative Banks

Self-Assessment Questions

1. What is meant by classification of co-operative societies based on the term of lending?
2. Explain the role of Primary Agricultural Credit Societies (PACS) in meeting short-term credit needs.
3. Write a short note on the functions of Urban Co-operative Banks (UCBs).
4. Briefly explain the importance of Employees' Credit Societies.

5. Describe the role of District Co-operative Banks (DCBs) in the co-operative credit structure.
6. What are the objectives of State Co-operative Banks (SCBs)?
7. Write a short note on PCARDBs as long-term credit institutions.
8. Mention any two differences between short-term and long-term co-operative credit institutions.

Assignments

1. Explain the structure and functioning of short- and medium-term co-operative credit institutions in India.
2. Discuss the role of PACS, DCBs, and SCBs in providing short-term and medium-term credit.
3. Examine the importance of Urban Co-operative Banks and Employees' Credit Societies in meeting urban and personal credit needs.
4. Describe the structure and functions of long-term co-operative credit institutions such as PCARDBs and SCARDBs.
5. Compare and contrast short-term, medium-term, and long-term co-operative credit institutions in India.
6. Analyse the role of co-operative credit institutions in rural and urban economic development.

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Suggested Reading

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Unit 2

Long term Co-operative Societies Structure - PCARDBs and SCARDBs

Learning Outcomes

After completing this unit, the learner will be able to;

- know the concept, objectives, and significance of long-term co-operative credit institutions in rural development
- explain the structural framework and functioning of PCARDBs and SCARDBs within the co-operative credit system
- distinguish between PCARDBs and SCARDBs based on their roles, functions, and operational levels
- analyze the role of PCARDBs in providing long-term agricultural and rural development finance
- evaluate the contribution of SCARDBs in refinancing, supervision, and strengthening rural credit institutions

Prerequisite

The Long-Term Co-operative Societies Structure, comprising Primary Co-operative Agricultural and Rural Development Banks (PCARDBs) and State Co-operative Agricultural and Rural Development Banks (SCARDBs), originated in India to meet the growing need for long-term agricultural and rural credit. The roots of this structure can be traced back to the early 20th century, particularly after the enactment of the Co-operative Credit Societies Act, 1904, which laid the foundation for institutional co-operative finance. Subsequently, Land Mortgage Banks were established, with the first such bank set up in 1912 in the Madras Presidency, to provide long-term loans against land security. During the 1920s and 1930s, these institutions evolved into a two-tier structure at the state and primary levels, later renamed as

SCARDBs and PCARDBs. Over time, especially after India's Independence in 1947, their role expanded significantly to support agricultural modernization, land development, irrigation, and rural infrastructure, making them a vital component of the long-term co-operative credit system in India.

Keywords

LTCS, PCARDBs, SCARDBs, Credit Structure, Agricultural Credit

Discussion

4.2.1 Introduction

Co-operative credit institutions in India are classified into short-term and long-term credit institutions. While short-term co-operatives meet credit needs for crop production and seasonal agricultural operations, long-term co-operative societies provide credit for developmental and capital purposes such as land improvement, purchase of machinery, irrigation, plantation, and housing.These institutions are crucial in strengthening rural infrastructure, supporting farmers, and reducing dependence on moneylenders.

4.2.2 Long-term co-operative societies

Long-term co-operative societies are specialized financial institutions established to meet the long-term credit needs of the agricultural and rural sectors. Unlike short-term co-operative credit societies that provide seasonal loans, these institutions focus on providing finance for permanent and productive purposes such as land development, irrigation projects, farm mechanization, plantation crops, construction of wells, and rural infrastructure. The origin of long-term co-operative credit in India can be traced back to the early twentieth century, particularly after the enactment of the Co-operative Credit Societies Act, 1904, and the Co-operative Societies Act, 1912, which laid the foundation for the organized co-operative movement in the country.

Initially known as Land Mortgage Banks, these institutions were set up to offer loans against the security of agricultural land. Over time, their scope expanded in response to changing rural credit needs, leading to their reorganization as Co-operative Agricultural and Rural Development Banks (CARDBs). The long-term co-operative credit structure generally comprises State Co-operative Agricultural and Rural Development Banks (SCARDBs) at the state level and Primary Co-operative Agricultural and Rural Development Banks (PCARDBs) at the district or taluk level. In some states, a unitary structure exists where the SCARDB operates through its own branches instead of separate primary banks.

Long-term co-operative societies play a crucial role in rural development by providing affordable credit, promoting capital formation in agriculture, and supporting sustainable economic growth in rural areas. With institutional support from governments and refinancing agencies such as NABARD (established in 1982), these societies have become an integral part of India's rural credit system, contributing significantly to agricultural modernization and the overall socio-economic development of the country.

The long-term cooperative credit structure in India consists of two main tiers: State Cooperative Agriculture and Rural Development Banks (SCARDBs) at the apex level and Primary Cooperative Agriculture and Rural Development Banks (PCARDBs) at the district or block level. This structure primarily provides long-term loans for investments in agriculture, rural industries, and lately, housing.

4.2.2.1 Features of Long-term Co-operative Credit Societies

The following are the features of Long-term Co-operative Credit Societies in India:

1. **Primary Objective:** Provide long-term credit to farmers and rural people for productive and developmental purposes like land improvement, irrigation, farm mechanization, purchase of tractors, construction of wells, etc.
2. **Membership:** Farmers, rural artisans, and individuals engaged in agricultural activities can become members.
3. **Tenure of Loans:** Loans are granted for a long duration, usually ranging from 5 years to 20 years, depending on the nature of the project.
4. **Two-Tier/Three-Tier Structure:** These societies function under a cooperative structure:
   a. State Cooperative Agriculture and Rural Development Banks (SCARDBs) at the state level.
   b. Primary Cooperative Agriculture and Rural Development Banks (PCARDBs) at the local/district/taluk level.
5. **Security for Loans:** Loans are generally secured against landed property or other immovable assets of the borrower.
6. **Purpose-Oriented Lending:** Unlike short-term credit, long-term cooperative societies give loans mainly for developmental and investment purposes rather than for seasonal needs.
7. **Government Support:** Receive financial assistance, refinance, and guarantees from government agencies, NABARD, and other apex financial institutions.
8. **Low Rate of Interest:** Loans are provided at relatively lower interest rates compared to commercial moneylenders.
9. **Repayment System:** Repayment is usually done in installments over a long period, aligned with the farmer's income generation.
10. **Promotion of Rural Development:** Contribute to rural infrastructure, increased agricultural productivity, and modernization of farming practices.

4.2.2.2 Functions of Long-Term Co-Operative Societies

The following are the main functions of Long-term Co-operative Credit Societies (like SCARDBs and PCARDBs):

1. **Provide Long-Term Credi:** Grant loans for 5–20 years to farmers and rural people for development and investment purposes. SCARDBs provide funding for irrigation projects
2. **Finance Land Development:** Support land levelling, reclamation, soil conservation, and other improvements.
3. **Support Irrigation Projects:** Provide loans for wells, tube wells, canals, pump sets, and other irrigation facilities.
4. **Farm Mechanization:** Finance purchase of tractors, harvesters, and other modern agricultural machinery.
5. **Promote Agricultural Infrastructure:** Help in the construction of god owns, cold storages, fencing, and farmhouses.
6. **Assist Rural Housing:** Provide long-term loans for building and improving rural houses.
7. **Support Plantation and Horticulture:** Finance crops like coffee, tea, rubber, fruits, and other long-gestation crops.
8. **Debt Redemption:** Provide funds to farmers for repaying old debts to moneylenders.
9. **Encourage Capital Formation in Agriculture:** Promote long-term investments to increase productivity and rural prosperity.
10. **Channelize Refinance from NABARD:** Act as intermediaries for distributing funds received from NABARD and other agencies to farmers.

In short, their function is to provide long-term financial support for agricultural and rural development, unlike short-term societies that deal with seasonal crop loans.

4.2.2.3 Structure of Long-term Co-operative Societies

The structure of long-term co-operative societies in India is designed to provide organized and sustained financial support to farmers and rural communities for agricultural and developmental activities. These societies primarily consist of State Co-operative Agricultural and Rural Development Banks (SCARDBs) at the state level and Primary Co-operative Agricultural and Rural Development Banks (PCARDBs) at the district or taluk level, forming a two-tier system in most states. In some regions, a unitary structure exists, where the state-level bank operates directly through its branches. The apex institutions, SCARDBs, are responsible for policy direction, supervision, and refinancing of primary banks, while PCARDBs function as grassroots-level lenders providing long-term loans for land development, irrigation, farm mechanization, and rural infrastructure projects. This structured framework ensures efficient delivery of long-term credit, promotes agricultural modernization, encourages capital formation, and strengthens rural economies in line with co-operative principles of mutual assistance and social welfare.

In India, the long-term cooperative credit structure (LTCCS) is primarily focused on providing medium and long-term loans for investments in agriculture and rural development.

This structure typically operates on two tiers:

4.2.3 State Cooperative Agriculture and Rural Development Banks (SCARDBs)

State Cooperative Agriculture and Rural Development Banks (SCARDBs) form the apex tier in the long-term cooperative credit structure in India. They primarily cater to the financial needs of farmers and rural communities by providing long-term loans for purposes such as land development, irrigation projects, farm mechanization, purchase of agricultural equipment, and rural infrastructure development. Unlike short-term cooperative banks that focus on seasonal credit requirements, SCARDBs are specialized institutions that extend credit for investment purposes, thereby enabling rural development and agricultural modernization. Their operations are regulated under the State Cooperative Societies Act, and they mobilize funds through borrowings, debentures, and refinancing from institutions like NABARD.

SCARDBs operate in a two-tier or unitary structure depending on the state, with Primary Cooperative Agriculture and Rural Development Banks (PCARDBs) functioning at the local level in the two-tier model. By financing long-term agricultural and rural projects, SCARDBs play a crucial role in enhancing productivity, promoting sustainable farming practices, and uplifting rural economies. Over the years, they have expanded their role beyond agriculture to include support for allied activities such as dairy farming, horticulture, fisheries, and rural housing. Despite challenges like mounting overdues and limited resource mobilization, SCARDBs remain vital institutions for channelling long-term credit in rural India and contributing to balanced regional development.

Apex level: Located at the state level, these institutions serve as the apex body for long-term cooperative credit.

4.2.3.1 Functions of SCARDBs

State Co-operative Agricultural and Rural Development Banks (SCARDBs) are the apex-level long-term co-operative credit institutions in the state. They supervise, guide, and support Primary Co-operative Agricultural and Rural Development Banks (PCARDBs) and play a key role in rural development. Their main functions include:

1. **Provision of Refinance Support :** SCARDBs provide refinance and financial assistance to PCARDBs and other long-term lending institutions, ensuring that adequate funds are available for rural development and agricultural projects. They also receive refinancing support from institutions like NABARD.
2. **Supervision and Control:** SCARDBs supervise the working of PCARDBs to ensure proper use of funds, maintain financial discipline, and reduce the risk of loan defaults. They provide guidance on lending procedures, recovery practices,

and policy compliance.

3. **Policy and Planning:** They formulate lending policies, interest rates, and credit schemes in consultation with state governments, aiming to align lending with the developmental needs of agriculture and rural areas.
4. **Resource Mobilization:** SCARDBs mobilize resources through share capital, deposits, debentures, borrowings from financial institutions, and government grants. These resources are then channeled to PCARDBs for long-term lending.
5. **Direct Lending (in some cases):** In states with a unitary structure, SCARDBs directly provide long-term loans to farmers and rural borrowers through their branches, performing both apex and primary-level functions.
6. **Implementation of Government Schemes :** SCARDBs play a key role in implementing government-sponsored schemes and subsidies for agriculture, irrigation, and rural development projects, ensuring that benefits reach the target population.
7. **Monitoring and Evaluation :** SCARDBs regularly monitor loan utilization, assess the performance of PCARDBs, and evaluate the impact of long-term credit on agricultural productivity and rural development.
8. **Promoting Co-operative Principles:** They promote co-operative values such as mutual assistance, participation, and social welfare among member banks and borrowers, strengthening the co-operative credit movement at the state level.

4.2.3.2 Structure of SCARDBs

The State Cooperative Agricultural and Rural Development Banks (SCARDBs) form the apex tier of the Long-Term Cooperative Credit Structure (LTCS) and operate at the state level to provide long-term credit for agriculture and rural development. Structurally, SCARDBs function as the central coordinating institutions that mobilize financial resources through share capital, deposits, borrowings, and the issue of long-term debentures, which are often guaranteed by the State Government. These banks channel funds to the grassroots level either by refinancing Primary Cooperative Agricultural and Rural Development Banks (PCARDBs) or, in some states, through their own branch network. SCARDBs are governed by a Board of Directors elected in accordance with cooperative principles and function under the respective State Cooperative Societies Act. They work in close coordination with NABARD for refinancing, supervision, and policy guidance, ensuring an effective flow of long-term credit to support land development, irrigation, farm mechanisation, housing, and rural infrastructure across the state. Thus the structure can be summarized as follows:

1. **Apex Institution** State Co-operative Agricultural and Rural Development Banks (SCARDBs) function as the apex institutions in the long-term co-operative credit system of India. Operating at the state level, they are responsible for providing policy guidance, financial support, and supervision to all Primary Co-operative Agricultural and Rural Development Banks (PCARDBs) in the state. As the top-level authority, SCARDBs ensure that long-term credit reaches farmers and rural borrowers efficiently and in accordance with government and co-operative policies.

2. **Governing Body / Board of Directors** Each SCARDB is managed by a Board of Directors that includes representatives of the state government, elected members of co-operative banks, and experts in agriculture, finance, and rural development. The board is responsible for formulating policies, making strategic decisions, supervising operations, and ensuring that the bank's objectives of supporting rural and agricultural development are met.
3. **Two-Tier System** In most states, SCARDBs follow a two-tier structure. Under this system, SCARDBs operate at the state level as apex institutions, while PCARDBs function at the district or taluk level as grassroots lending institutions. SCARDBs provide refinancing, guidance, and supervision, whereas PCARDBs directly disburse long-term loans to farmers and rural borrowers, ensuring accessibility of credit at the local level.
4. **Unitary System** In some states, SCARDBs adopt a unitary system, in which the apex bank operates directly through its branches at the district or taluk level. In this system, SCARDBs perform both apex-level and primary-level functions, including policy-making, supervision, and direct lending to farmers, eliminating the need for separate primary banks.
5. **Branch Network** The branch network of SCARDBs varies depending on the system. In the two-tier structure, SCARDBs maintain limited branches focused on coordination, supervision, and financial support to PCARDBs. In contrast, under the unitary system, SCARDB branches actively engage in direct lending, loan recovery, and implementation of development schemes, reaching borrowers more directly.
6. **Linkage with Refinancing Institutions** SCARDBs maintain strong linkages with refinancing agencies like NABARD and receive financial support from the state government. These funds are utilized to provide long-term loans to PCARDBs or directly to farmers in unitary systems. This linkage ensures that SCARDBs have adequate financial resources to meet the long-term credit needs of the rural sector efficiently.

Thus the structure of SCARDBs is designed to combine apex-level supervision and grassroots-level accessibility, ensuring that long-term credit for agriculture and rural development is delivered systematically. Whether in a two-tier or unitary system, SCARDBs play a crucial role in promoting rural development, modernizing agriculture, and strengthening the co-operative credit movement in India.

4.2.3.3 Operations of SCARDBs

1. **Fund Mobilization** State Co-operative Agricultural and Rural Development Banks (SCARDBs) mobilize financial resources from multiple sources, including share capital from member banks, deposits, borrowings, and refinance support from NABARD. They also receive grants or assistance from the state government. These funds form the basis for providing long-term loans to Primary Co-operative Agricultural and Rural Development Banks (PCARDBs) or directly to farmers in states with a unitary system.

2. **Refinancing and Credit Support** One of the main operations of SCARDBs is refinancing primary banks. They provide long-term financial assistance to PCARDBs, ensuring that sufficient funds are available at the grassroots level for agricultural development, irrigation projects, farm mechanization, and other rural development activities. This allows PCARDBs to meet the long-term credit needs of farmers effectively.
3. **Supervision and Control** SCARDBs perform supervisory functions to ensure that PCARDBs operate efficiently and maintain financial discipline. They monitor loan disbursement, recovery, accounting practices, and compliance with government policies and co-operative principles. This supervision reduces defaults and strengthens the long-term co-operative credit system.
4. **Policy Formulation and Scheme Implementation** SCARDBs are responsible for formulating lending policies, interest rates, and credit schemes tailored to the developmental needs of the state. They implement government-sponsored programs and subsidies for agriculture, irrigation, and rural development, ensuring that the benefits reach the intended farmers and rural communities.
5. **Direct Lending (Unitary System)** In states with a unitary structure, SCARDBs operate branches that engage in direct lending to farmers and rural enterprises. In such cases, the apex bank performs both the functions of policy-making and primary-level lending, streamlining credit delivery and ensuring timely disbursement of long-term loans.
6. **Monitoring and Evaluation** SCARDBs regularly monitor the utilization of funds, evaluate the performance of PCARDBs, and assess the socio-economic impact of long-term credit on rural development. This operation ensures accountability, transparency, and efficiency in the co-operative credit system.
7. **Promotion of Co-operative Principles** Through all their operations, SCARDBs promote co-operative values such as mutual assistance, member participation, and social welfare. They guide PCARDBs in adopting these principles, strengthening the co-operative movement and ensuring sustainable rural development.

The operations of SCARDBs encompass fund mobilization, refinancing, supervision, policy implementation, direct lending, monitoring, and promotion of co-operative values, forming the backbone of the long-term co-operative credit system in India. These operations ensure that long-term credit reaches farmers efficiently, supports rural development, and strengthens the co-operative banking framework.

4.2.4 Primary Cooperative Agriculture and Rural Development Banks (PCARDBs)

Primary Co-operative Agricultural and Rural Development Banks (PCARDBs) are the grassroots-level institutions in the long-term co-operative credit structure of India. They were originally established as Primary Land Mortgage Banks during the early twentieth century to provide long-term loans to farmers against the security of agricultural land. Over time, with the expansion of rural development activities and diversification of credit needs, these institutions were reorganized and renamed as

PCARDBs. They generally operate at the district, taluk, or block level and maintain direct contact with rural borrowers.

The main function of PCARDBs is to provide long-term credit for agricultural and allied purposes. Their loans are used for land development, reclamation of wastelands, irrigation facilities, purchase of farm machinery, plantation and horticulture, construction of wells, farm houses, and other rural development activities. PCARDBs usually grant loans for longer periods, ranging from 5 to 20 years, depending on the nature of the investment. The loans are generally secured by mortgage of land, ensuring safety of funds while encouraging productive use of credit.

PCARDBs mobilize financial resources through share capital, member deposits, borrowings, and debentures, which are often guaranteed by the state government and refinanced by NABARD. They function under the guidance and supervision of the State Co-operative Agricultural and Rural Development Bank (SCARDB) in states following a two-tier structure. By supplying affordable long-term credit and promoting capital formation in agriculture, PCARDBs play a vital role in strengthening rural economies and supporting sustainable agricultural development.

4.2.4.1 Functions of Primary Co-operative Agricultural and Rural Development Banks (PCARDBs)

Primary Co-operative Agricultural and Rural Development Banks (PCARDBs) perform several important functions that support long-term rural and agricultural development. Their key functions include:

1. **Provision of Long-Term Credit :** PCARDBs provide long-term loans to farmers, agricultural entrepreneurs, and rural artisans for productive purposes such as land development, irrigation, farm mechanization, plantation, horticulture, and construction of wells or farm buildings. The loan tenure usually ranges from 5 to 20 years, depending on the nature of the investment.
2. **Land Mortgage Financing:** They advance loans primarily against the mortgage of agricultural land. This ensures the security of the loan while enabling farmers to invest in activities that increase agricultural productivity and land value.
3. **Support for Rural Development Activities:** Beyond agriculture, PCARDBs also finance small-scale rural projects, such as livestock farming, agro-processing, fisheries, and other allied sectors. This promotes diversification of income sources and rural development.
4. **Capital Formation in Agriculture:** By providing long-term funds, PCARDBs help farmers invest in fixed assets, such as machinery, irrigation facilities, and plantation crops. This encourages modernization of agriculture and increases overall productivity.
5. **Resource Mobilization:** PCARDBs mobilize financial resources through share capital from members, deposits, borrowings from SCARDBs or NABARD, and issuance of debentures. This ensures a steady flow of funds for lending operations.

6. **Implementation of Government Schemes:** They play a key role in implementing government-sponsored rural development and agricultural credit schemes, ensuring that benefits reach the targeted rural population efficiently.
7. **Supervision and Guidance of Borrowers:** PCARDBs advise farmers and borrowers on effective use of credit, repayment planning, and agricultural practices. This guidance enhances the productive utilization of loans and reduces the risk of defaults.
8. **Acting as Link with Apex Institutions:** In a two-tier structure, PCARDBs act as the direct link between rural borrowers and the State Co-operative Agricultural and Rural Development Banks (SCARDBs), receiving funds and following policies and directives from the state-level apex institution.

Borrowing and Lending: PCARDBs, as members of SCARDBs, get their loans refinanced from the SCARDBs. Their lending operations, however, have sometimes been criticised for primarily focusing on debt discharge rather than promoting land improvements, and for delays in loan approval.

4.2.4.2 Challenges of PCARDBs

PCARDBs face challenges like difficulties in mobilising sufficient funds, a lack of specialised staff for assessing the technical soundness of schemes, and a need for improved coordination with other cooperative and government bodies.

1. Limited financial resources
2. High non-performing assets (NPAs)
3. Dependence on apex institutions (SCARDBs/NABARD)
4. Inadequate staff and technical expertise
5. Limited outreach and accessibility in remote areas
6. Political and administrative interference
7. Poor loan recovery mechanisms
8. Competition from commercial banks and microfinance institutions
9. Inadequate technology adoption
10. Vulnerability to agricultural risks

In conclusion, the Primary Cooperative Agricultural and Rural Development Bank (PCARDB) occupies a crucial position in the cooperative credit structure by catering to the long-term financial needs of the agricultural and rural sectors. Through the provision of long-term loans for land development, irrigation, farm mechanisation, housing, plantation crops, and other allied rural activities, PCARDB directly supports agricultural modernization and rural infrastructure development. Its cooperative nature ensures democratic management, local participation, and a deep understanding of the socio-economic conditions of farmers, which enables need-based and inclusive credit delivery. By extending affordable credit at reasonable interest rates, PCARDB helps reduce farmers' dependence on moneylenders and contributes to financial stability in rural areas. Although the institution faces challenges such as loan recovery problems, limited capital resources, and operational inefficiencies, its role in promoting sustainable agriculture, enhancing rural livelihoods, and fostering balanced regional development remains significant. Strengthening PCARDB through improved governance, technological adoption, and effective recovery mechanisms can further enhance its contribution to rural economic growth and the overall development of the cooperative banking system.

4.2.4.3 Importance of LTCS (Long-Term Cooperative Credit Structure):

1. Provides long-term credit for agriculture and rural development
2. Finances land development, irrigation, and farm mechanisation
3. Supports plantation, horticulture, and allied agricultural activities
4. Promotes rural housing and infrastructure development
5. Encourages creation of productive agricultural assets
6. Reduces dependence on moneylenders
7. Offers loans at reasonable interest rates
8. Provides flexible and long repayment periods
9. Promotes cooperative principles and local participation
10. Enhances financial inclusion of farmers
11. Supports sustainable agricultural growth
12. Strengthens the overall cooperative credit system.

Thus Long-term co-operative societies are crucial institutions that provide sustained financial support for agricultural and rural development projects such as land improvement, irrigation, and farm mechanisation. Unlike short-term societies that cater to seasonal needs, these institutions focus on investment-oriented credit, enabling farmers and rural communities to enhance productivity and build durable assets. Through their two-tier structure of PCARDBs and SCARDBs, they ensure accessibility of credit at both local and state levels. Thus, long-term co-operative societies not only strengthen the rural economy but also promote modernisation, self-sufficiency, and overall socio-economic progress in the agricultural sector.

Recap

- ◊ Long-term co-operative credit structure is designed to provide long-duration loans mainly for agricultural development, land improvement, and rural infrastructure.
- ◊ At the state level, the system is headed by State Co-operative Agricultural and Rural Development Banks (SCARDBs), which plan, supervise, and refinance long-term lending activities.

◊ At the grass-root level, Primary Co-operative Agricultural and Rural Development Banks (PCARDBs) directly deal with farmers and rural borrowers.

◊ SCARDBs raise funds through debentures, share capital, government support, and NABARD refinance, ensuring availability of long-term resources.

◊ PCARDBs mobilize local savings and provide loans secured mainly against land and immovable property for periods extending from 5 to 20 years.

◊ The entire structure works on co-operative principles, aiming at balanced rural development, reduction of dependence on moneylenders, and improvement of agricultural productivity.

Objective Questions

1. Which is the base unit of the short-term co-operative credit structure?
2. Which co-operative institution provides credit facilities at the district level?
3. Which institution acts as the apex body in the short-term co-operative credit structure?
4. Employees Credit Societies are mainly formed to:
5. Urban Co-operative Banks (UCBs) provide credit facilities primarily to:
6. The full form of PCARDB is:
7. SCARDBs provide loans mainly for
8. In many states, the long-term co-operative credit structure follows a
9. The apex institution in the long-term co-operative credit structure is:
10. The main difference between short-term and long-term co-operative credit societies is:

Answers

1. Primary Agricultural Credit Societies (PACS)
2. District Co-operative Banks (DCBs)
3. State Co-operative Banks (SCBs)
4. Meet the credit needs of salaried employees
5. Urban middle- and lower-income groups

6. Primary Co-operative Agriculture and Rural Development Bank
7. Farm mechanization and land improvement
8. Two-tier system
9. SCARDBs
10. Loan repayment period

Self-Assessment Questions

1. What is the role of Primary Agricultural Credit Societies (PACS) in rural credit?
2. State two main functions of Urban Co-operative Banks (UCBs).
3. Who are the primary members of Employees Credit Societies?
4. Mention two important roles of District Co-operative Banks (DCBs).
5. Why are State Co-operative Banks (SCBs) called the apex bodies in the short-term credit structure?
6. Define PCARDBs and explain their functions in rural credit delivery.
7. What is the significance of SCARDBs as apex institutions in long-term co-operative credit?
8. Distinguish between short-term and long-term co-operative societies based on lending period and purpose.
9. Differentiate between District Co-operative Banks (DCBs) and State Co-operative Banks (SCBs).
10. What are the major functions of Urban Co-operative Banks (UCBs)? Give examples.
11. Discuss the two-tier structure of long-term co-operative societies with suitable examples.

Assignments

1. Explain the structure and functions of short- and medium-term co-operative societies in India.
2. Discuss the role of long-term co-operative credit institutions (PCARDBs and SCARDBs) in promoting agricultural and rural development.
3. Compare and contrast short-term and long-term co-operative credit societies.

4. Give two examples of purposes for which long-term co-operative credit is provided.
5. Write a note on the two-tier structure of long-term co-operative societies.
6. Why are State Co-operative Banks (SCBs) called the apex bodies in the short-term credit structure?
7. Describe the importance of Employees Credit Societies in meeting the financial needs of salaried persons.

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5

BLOCK

Co-Operative Societies Based on Functions

Unit 1
Marketing Societies

Learning Outcomes

After completing this unit, the learner will be able to;

- ◊ explain the concept, structure, and functions of Agricultural Marketing Societies and Primary Marketing Societies.
- ◊ understand the objectives and activities of NAFED and its role in agricultural marketing.
- ◊ examine the role of Dairy Cooperative Societies and their Federations in strengthening the dairy sector.
- ◊ evaluate the importance of Fishery Cooperatives and their Federations in promoting fishermen's welfare and development.

Prerequisite

In a dynamic and growing agricultural sector, the agricultural marketing system ought to be understood and developed as a link between the farm and the non-farm sectors. A dynamic and growing agricultural 3 sector requires fertilizers, pesticides, farm equipments, machinery, diesel, electricity, packing material and repair services which are produced and supplied by the industry and non-farm enterprises. The expansion in the size of farm output stimulates forward linkages by providing surpluses of food and natural fibres which require transportation, storage, milling or processing, packaging and retailing to the consumers. These functions are obviously performed by non-farm enterprises. Further, if the increase in agricultural production is accompanied by a rise in real incomes of farm families, the demand of these families for non-farm consumer goods goes up as the proportion of income spent on non-food consumables and durables tends to rise with the increase in real per capital income. Several industries, thus find new markets for their products in the farm sector.

Keywords

Marketing Societies, Agricultural Marketing Societies, Primary Marketing Societies, Federations, NAFED, Rubber Marketing Societies, Dairy Co-operative Societies, Fishery Co-operatives

Discussion

5.1.1 Introduction

Marketing Societies are co-operative organizations formed by producers (farmers, fishermen, dairy farmers, rubber growers, etc.) with the primary aim of marketing their produce collectively. They are a part of the co-operative movement, which works on the principle of self-help and mutual help. In a marketing society, individual producers who are usually small and scattered pool their resources and efforts to increase their bargaining power, reduce exploitation by middlemen, and secure fair returns.

These societies emerged as a response to the problems faced by individual producers such as exploitation by middlemen, lack of storage and transport facilities, poor bargaining power, and unstable prices. By pooling resources and working together, marketing societies enable producers to sell their goods in bulk, ensure fair prices, reduce marketing costs, and provide access to wider markets. Unlike private traders whose primary motive is profit, marketing societies function on the principles of co-operation, mutual help, and service to members.

Agricultural marketing societies, rubber marketing societies, dairy co-operatives, and fishery co-operatives are some of the important types of marketing societies in India. They operate at various levels such as primary (village level), district, state, and national federations, with apex bodies like NAFED (National Agricultural Co-operative Marketing Federation of India Ltd.) playing a crucial role. These organizations not only assist in marketing but also provide services like grading, standardization, processing, warehousing, and credit facilities. Thus, marketing societies play a vital role in strengthening the rural economy, improving farmers' incomes, and contributing to overall economic development by integrating producers with organized and modern markets.

5.1.1.2 Definitions

Here are some notable definitions of marketing societies from renowned scholars in the cooperative field

1. "A marketing society is a co-operative association of producers, particularly farmers, organized to market their produce collectively. Its main aim is to eliminate middlemen, stabilize prices, and ensure fair returns to its members by strengthening their bargaining power."- Dr. T.N. Hajela (Economist, Co-operative Theorist)

2. “A marketing society is a co-operative organization of producers formed to collectively market their produce, eliminate middlemen, and secure fair and remunerative prices for its members.”- K.L. Khurana
3. “A co-operative marketing society is a voluntary association of cultivators to collectively sell their surplus produce, provide credit and storage facilities, and protect them from the exploitation of traders and moneylenders.”- Prof. D.G. Karve
4. “Co-operative marketing society is a voluntary association of cultivators to collectively sell their surplus produce, provide credit and storage facilities, and protect them from the exploitation of traders and moneylenders.”-Prof. D.G. Karve (Famous Economist, Co-operative Movement Expert)

Thus, Marketing Societies play a vital role in strengthening the rural economy by safeguarding farmers, fishermen, rubber growers, and dairy farmers from exploitation. Through federations like NAFED, Amul, Fishcopfed, and Rubber Marketing Federations, producers get fair prices, better facilities, and access to national and international markets. With modernization and government support, these societies can further improve rural development and farmer welfare.

In essence, marketing societies are not merely commercial organizations but instruments of social and economic justice. They empower small producers, reduce rural poverty, and foster self-reliance by working on the principles of cooperation and mutual help. By improving marketing efficiency, promoting exports, and ensuring stability in agricultural and allied sectors, marketing societies contribute significantly to inclusive growth, rural development, and the overall economic progress of the nation.

5.1.1.3 Objectives of Marketing Societies

The main objectives of marketing societies, particularly cooperative marketing societies, are to benefit members by achieving better prices for their produce through collective bargaining, eliminating middlemen, improving marketing services, reducing costs, and providing necessary inputs and financing. They also aim to improve product quality through grading, introduce fair trading practices, and foster economic empowerment through self-help.

“The main object for which growers organise a co operative marketing society is to enable them to market their purpose their best advantage and for this purpose to stream line the whole process of movement of goods to the consuming market”. Objectives of Marketing Societies include :

1. **Maximize Member Benefits:** The primary goal is to secure the best possible prices for members' products and ensure fair returns. Through collective bargaining and the elimination of middlemen, they ensure the best possible prices for their members.
2. **Eliminate Middlemen:** By pooling resources and collective selling, societies bypass intermediaries, directly increasing member profits.
3. **Improve Marketing Services:** They offer services like sorting, grading,

packing, transportation, and storage to enhance the efficiency and quality of the marketing process.

4. **Lower Marketing Costs:** Collective action helps to reduce the costs associated with marketing and production inputs like seeds and fertilizers.
5. **Strengthen Bargaining Power:** The society acts as a unified entity, giving members greater leverage in negotiations with buyers.
6. **Provide Inputs and Credit:** Societies often supply essential farm requisites such as seeds, fertilizers, and implements and provide loans to members against the security of their produce.
7. **Promote Fair Practices:** They work to eliminate malpractices and ensure honest, fair trading practices within the marketing system.
8. **Price Stabilization:** By influencing supply and demand through collective action and pooling, societies can help stabilize prices over time.
9. **Economic Empowerment:** The core principle is to encourage self-help, thrift, and mutual support among members to improve their economic well-being.
10. **Government Agent:** They can also serve as agents for government policies, such as implementing price support schemes for certain commodities.

In brief the chief objects and aims of a cooperative marketing society are

1. To Strengthen the bargaining Capacity of the cultivator
2. To Secure the members a better price for the produce.
3. To eliminate middlemen.
4. To provide members the needed finance.
5. To persuade the farmers to grow better quality goods.
6. To stabilise price.
7. To develop fair trading practices.
8. To act as a distributive centre for Agricultural requisites such as seeds, fertilizer etc.
9. To provide the facility of grading and transportation.
10. To act as an agent of Govt. for procurement and implementation of price support policy.

5.1.1.4 Types of Cooperative Marketing Societies

Single Commodity: deal only in marketing of only one agricultural commodity e.g. Sugarcane Co-operative Marketing Society, Cotton Co-operative Marketing Society.

Multi-Commodity: deal in marketing of number of commodities such as food grains, oilseeds etc.

Multi Purpose Multi-Commodity: deal in marketing of number of commodities and also perform other functions such providing credit, supply of inputs etc.

5.1.1.5 Functions / Activities of Marketing Society:

1. Sale of Agricultural produce of the members.

   a. Sorting, grading and packing.

   b. Transportation of produce from farm or village to market.

2. To accept deposits from members.
3. To borrow funds from DCCB/other bank for

   a. Business of marketing society.

   b.To pay the price of produce to farmer members

   c.To advance to members on the security of their produce.

4. To rent godowns / processing yards and cold storage to facilitate storage / processing of produce and for sale of goods.
5. To procure (Purchase) and supply to members.

   a. Fertilizer

   b. Seeds

   c.Implements

   d.Pesticides and Insecticides etc

6. To act as an agent of the Govt. for the procurement of Agri produce and supply of agri production.
7. To encourage thrifts (deposit by savings) ,self-help and cooperation among its members.
8. To work as agent of Govt. for storage and distribution of PDF items.

The functions of marketing societies go far beyond simply selling members' produce. By providing organized facilities for storage, grading, processing, credit, transport, and distribution, they protect producers from distress sales and exploitation by middlemen. These societies also help in price stabilization, value addition, and export promotion, thereby ensuring better returns and strengthening the bargaining power of farmers and other small producers.

Thus, the functions of marketing societies not only support the individual economic interests of members but also contribute to the overall growth of the co-operative movement, rural development, and balanced economic progress of the country.

More and more modern marketing societies are now using digital technology in order to be able to work more efficiently and to make better decisions. Data analysis can be used to forecast future prices in a market (price forecasting) which enables societies to anticipate market conditions, and allow them to adjust their pricing strategy. In addition to this, mobile applications offer real time information about the markets, allowing farmers to know in real time the price of their product, open up new markets, and establish direct contact with consumers, thus breaking the cycle of dependence on intermediaries and improving access to the market. The impact of these technologies has changed how agricultural marketing is done by increasing transparency and the level of efficiency.

5.1.2 Agricultural Marketing Societies

Agricultural Marketing Societies, particularly cooperative marketing societies, are organizations formed by farmers to collectively market their produce, aiming to improve their bargaining power and profitability. These societies provide services like product standardization, grading, storage, processing, and direct sales to consumers, thereby reducing the dependency on intermediaries. They are often structured with apex societies at the state level and smaller, taluk-level societies that function at the grassroots level, connecting directly with member farmers.

Traditionally, Indian farmers, being small and scattered, were forced to sell their crops immediately after harvest at low prices to moneylenders, traders, and commission agents. This resulted in exploitation, distress sales, and unstable incomes. Agricultural marketing societies were formed to overcome these problems by uniting farmers under a co-operative system that works on the principles of mutual help and collective effort.

Agricultural Marketing Societies are co-operative organizations established to help farmers in the marketing of their agricultural produce such as food grains, pulses, fruits, vegetables, cotton, jute, sugarcane, etc. They are a vital part of the co-operative movement in India and were formed to protect farmers from exploitation by moneylenders, commission agents, and private traders.

These societies operate at different levels – primary societies at village level, district and state-level federations, and national-level apex bodies like NAFED (National Agricultural Co-operative Marketing Federation of India Ltd.). By pooling resources and marketing produce collectively, they ensure fair returns to farmers and strengthen their bargaining power.

The importance of agricultural marketing societies lies in their contribution to both farmers' welfare and national development. They reduce dependence on middlemen, stabilize agricultural prices, and promote exports, thereby linking rural production with larger markets. Apart from securing better incomes for farmers, they also generate rural employment and encourage the adoption of modern farming and marketing techniques. Thus, agricultural marketing societies are a vital instrument of rural development, economic justice, and inclusive growth in the agricultural sector.

The use of digital technology in agriculture has improved efficiency in the agricultural marketing process and provides a direct link between farmers and customers/consumers by providing farmers with an opportunity to contact and sell to other farmers or large-scale consumers/markets. This is possible through the use of e-commerce websites and AgriTech apps which allow farmers to bypass middlemen and obtain current pricing information; as well as expanding the market for their produce nationally/internationally. The use of these platforms also enables farmers to utilize services such as electronic payment systems, logistics services and provide them with tools to assist in forecasting demand and supply thereby improving the efficiency of the agricultural marketing process while eliminating the reliance upon traditional marketing channels that are often exploitative.

5.1.2.1 Objectives of Agricultural Marketing Societies

The primary objectives of agricultural marketing societies are to safeguard the interests of farmers by ensuring fair and remunerative prices for their produce and protecting them from the exploitation of middlemen. These societies aim to provide essential facilities such as storage, warehousing, grading, and standardization to improve the quality and value of agricultural products. They also supply timely credit, agricultural inputs, and processing facilities to reduce costs and increase farmers' income. Further, they strive to stabilize prices, arrange efficient transportation and distribution, and promote exports, thereby giving farmers access to wider markets. In essence, their main goal is to enhance the bargaining power of farmers, increase their profitability, and contribute to the overall development of the agricultural sector. The following are the important objectives of the society:

1. To provide fair and remunerative prices to farmers.
2. To eliminate middlemen and ensure direct sale of produce in organized markets.
3. To provide storage and warehousing facilities to avoid distress sale.
4. To promote grading, standardization, and quality certification of produce.
5. To supply credit facilities against produce stored in warehouses.
6. To arrange for transport and distribution of agricultural commodities.
7. To stabilize market prices and reduce fluctuations.
8. To promote processing and value addition to agricultural produce.
9. To link farmers with national and international markets.

Thus, the objectives of agricultural marketing societies are designed to safeguard farmers' interests and improve their economic position by ensuring fair prices, eliminating middlemen, and providing essential facilities such as storage, grading, processing, and credit. By fulfilling these objectives, these societies not only increase the bargaining power and income of farmers but also stabilize agricultural markets, promote exports, and contribute to rural development. In essence, their goals extend beyond marketing—they serve as instruments of economic justice, social welfare, and inclusive growth in the agricultural sector.

5.1.2.2 Significance / Importance / Benefits of Agricultural Marketing Societies

Agricultural Marketing Societies are significant because they increase farmer incomes by providing access to larger markets, reduce post-harvest losses through better storage and timely sales, and increase farmers' bargaining power against middlemen, leading to fairer prices for their produce. These societies also offer crucial services like credit, improved transportation, grading, standardization, and market information, which optimize resource use, stabilize prices, and contribute to overall rural economic development.

A. Benefits for Farmers

1. **Higher Incomes:** By pooling their produce, farmers gain access to bigger, more profitable markets and eliminate many intermediaries, leading to better prices for their crops.
2. **Increased Bargaining Power:** A single, organized marketing agency strengthens farmers' ability to negotiate fair terms and conditions for their produce.
3. **Reduced Post-Harvest Losses:** Societies provide access to proper storage facilities, protecting crops from damage and spoilage, which can be a major issue for individual farmers.
4. **Access to Credit:** Marketing societies often provide loans and credit to farmers, saving them from the pressure of selling their produce immediately after harvest for less money.

B. Benefits for the Market and Consumers

1. **Fairer Prices:** By minimizing the number of intermediaries and their excessive commissions, these societies reduce the price spread between the producer and the consumer.
2. **Improved Product Quality:** Societies facilitate grading, standardization, and scientific storage, ensuring that higher-quality agricultural products reach consumers.
3. **Market Stability:** They play a role in stabilizing agricultural prices, preventing fluctuations that can negatively impact both farmers and consumers.

C. Other Significant Contributions

1. **Resource Optimization:** Efficient marketing systems, which these societies contribute to, lead to better use of resources and improved output management.
2. **Technical Knowledge:** Societies can act as a conduit for disseminating technical know-how and information about agricultural best practices and market trends to their members.
3. **Economic Development:** By promoting efficient marketing, these societies contribute to the overall economic development of rural areas.

5.1.2.3 Principles of Agricultural Marketing Society

The principles of an agricultural marketing society centre on cooperative action for members' benefit, aiming to secure fair prices, reduce marketing costs, and provide essential services like storage and market information. Key aspects include farmer control with one-vote-per-member, pooling produce for better bargaining, offering credit, ensuring quality through grading, and improving transport efficiency. Ultimately, these societies empower individual farmers by providing collective strength in the market.

Core Principles:

1. **Farmer-Centricity:** Control rests with the farmers, with each member having equal voting rights, regardless of their investment.

2. **Collective Benefit:**The primary goal is to market members' produce profitably and provide them with various services, rather than a few individuals benefiting.
3. **Pooling of Produce:**Individual small quantities of produce are pooled together to increase bargaining power and command better prices.
4. **Fair Pricing & Reduced Costs:**Societies work to eliminate malpractices, reduce marketing costs, and ensure members receive fair prices for their crops.
5. **Market Access & Information:**They provide access to market intelligence, helping members understand market trends and make informed decisions.

Thus, principles of agricultural marketing societies emphasize cooperation, fairness, and efficiency in supporting farmers and rural communities. By ensuring collective bargaining, fair pricing, elimination of exploitative middlemen, and provision of timely credit and infrastructure, these societies strengthen the agricultural sector. They not only protect farmers' interests but also promote transparency, stability, and sustainability in the marketing process. Ultimately, the principles serve as a foundation for empowering farmers, improving rural livelihoods, and contributing to the overall growth of the economy.

5.1.2.4 Structure of Agricultural Marketing Societies

Agricultural marketing societies in India typically have a two-tier or three-tier structure, with primary societies at the base level, central/district societies in the middle (for a three-tier system), and a state marketing federation as the apex body. At the national level, the National Agricultural Co-operative Marketing Federation (NAFED) serves as the apex institution, coordinating and guiding marketing efforts across the country.

1. Two-Tier Structure:

a. **Primary Marketing Societies:** These are the base level societies, located at the taluka or local level, that collect, grade, and sell the product of their farmer members.

b. **State Marketing Federation:** This is the apex body at the state level, coordinating the activities of the primary societies within that state.

2 Three-Tier Structure:

a. **Primary Marketing Societies:** Primary agricultural marketing societies are farmer-led cooperative organizations designed to help members market their agricultural produce, get fair prices, and access essential resources like credit, inputs, and storage facilities. They act as a crucial link between individual farmers and markets, offering services such as transportation, warehousing, and direct market access to improve farmers' collective bargaining power and profitability

b. **Central/District Marketing Societies:** These are positioned at the district level andserve as an intermediate body, marketing the collective produce from multiple primary societies in their region.

c. **State Marketing Federation:** The apex body at the state level. State

Agricultural Marketing Societies are cooperative organizations established by state governments to help farmers sell their produce effectively, offering services like market infrastructure development, post-harvest support, and fair pricing for agricultural products. Examples include the Tamil Nadu Cooperative Marketing Federation, with its apex and taluk-level societies, and the Small Farmers' Agribusiness Consortium (SFAC) which is an autonomous society promoted by the Indian government.

5.1.3. Primary Marketing Societies

A Primary Market Society is the most basic unit of the co-operative credit structure, usually established at the village or local level. These societies are formed by a group of individuals, mainly farmers, small traders, or rural households, who come together to meet their financial and marketing needs collectively. By pooling resources, they ensure that credit and services are made available at affordable rates, helping members avoid dependence on exploitative moneylenders.

The key objective of a Primary Market Society is to provide short-term and medium-term loans, supply agricultural inputs like seeds, fertilizers, and implements, and arrange marketing facilities for the produce of its members. Since these societies are owned, managed, and controlled by their members, they operate on democratic principles where each member has an equal say, regardless of their shareholding. This grassroots structure makes them highly responsive to the needs of rural communities.

Primary Market Societies also act as a foundation for the co-operative movement, linking farmers with higher-level co-operatives such as District Central Co-operative Banks and State Co-operative Banks. They not only provide financial assistance but also encourage savings, self-reliance, and community development. By empowering rural populations and strengthening the agricultural economy, these societies play a vital role in promoting inclusive growth and balanced economic development.

5.1.3.1. Functions and Objectives:

1. **Collective Marketing:** To sell the product of their farmer members in a unified manner to obtain remunerative prices.
2. **Input Supply:** To provide members with agricultural inputs like seeds and fertilizers at reasonable prices.
3. **Infrastructure:** To offer facilities such as storage (godowns) for members' produce.
4. **Financial Services:** Some societies may also provide loans and accept deposits from members.
5. **Market Information:** Disseminating information about market prices and trends to farmers.
6. **Government Procurement:** Acting as agents for the government in procuring agricultural commodities.
7. **Value Addition:** Performing processing and value-addition activities to increase the value of agricultural products.

5.1.3.2 Significance/Importance ofPrimary Marketing society

1. **Fair Prices and Income Generation:**By pooling their produce, farmers gain a stronger negotiating position and can avoid exploitation by middlemen, securing a more remunerative price for their crops.
2. **Market Access:**These societies act as a conduit to larger markets and established procurement agencies, such as the National Agricultural Cooperative Marketing Federation of India (NAFED) and state civil supplies corporations.
3. **Procurement at MSP:**They can act as agents to procure produce at the Minimum Support Price (MSP), providing a safety net for farmers and helping to stabilize market prices, particularly for crops like paddy.
4. **Cost Reduction:**Collective procurement and marketing efforts can reduce the individual costs associated with marketing agricultural produce, benefiting the farmers.
5. **Producer Empowerment:**Primary marketing societies empower farmers by providing a platform to collectively sell their produce, rather than individually, and giving them more control over their products.
6. **Support for Rural Economies:**By improving the economic condition of farmers and rural communities, these societies contribute to poverty reduction, food security, and overall inclusive economic growth.
7. **Facilitating Online Marketing:**Some societies are leveraging technology, like common mobile apps, to market cooperative products online, expanding their reach and making it easier for consumers to access cooperative produce.

5.1.3.3 Federations of Primary Marketing Societies

A. State Cooperative Marketing Federations (SCMFs)

State Cooperative Marketing Federations (SCMFs) are apex bodies within each Indian state that facilitate the marketing of agricultural and other commodities for their member cooperative societies. Examples of SCMFs exist in every state to support specific commodities like food grains, oilseeds, and cotton, offering a unified platform for marketing and promoting the collective interests of cooperative members and ensuring fair prices for their produce.

B. District Cooperative Marketing Federations (DCMFs)

District Cooperative Marketing Federations (DCMFs) are apex cooperative societies at the district level in India that are formed by primary marketing societies and individual producers to collectively market their produce, eliminating middlemen and ensuring better prices and profits for producers. They provide services like storage, transportation, and quality assurance for agricultural and other goods, thereby strengthening the cooperative marketing system and empowering local producers.

C. National Federations:

1. **National Agricultural Cooperative Marketing Federation (NAFED):** The apex body for agricultural marketing cooperatives in India, focusing on

procurement, distribution, export, and import of commodities.

2. **Tribal Co-operative Marketing Federation (TRIFED):** A specialized national federation that supports the marketing of tribal produce.
3. **National Cooperative Consumers' Federation (NCCF):** Focuses on consumers' cooperatives but also supports primary cooperatives.
4. **National Cooperative Dairy Federation of India (NCDFI):** The apex body for dairy cooperatives, which also supports primary marketing efforts.

Thus Federations of Marketing Societies play a crucial role in strengthening the cooperative marketing structure by linking primary societies with larger markets, financial institutions, and government support systems. By pooling resources and coordinating activities at the district, state, and national levels, these federations ensure fair pricing, efficient distribution of inputs, better storage and processing facilities, and wider market access for farmers. They not only safeguard the interests of producers against middlemen but also promote collective strength, stability, and growth of the cooperative movement, thereby contributing significantly to rural development and agricultural prosperity.

5.1.4 National Agricultural Cooperative Marketing Federation (NAFED)

(NAFED) is an apex organization of marketing cooperatives for agricultural produce in India. It was established on the auspicious day of Gandhi Jayanti on 2nd October 1958. NAFED is registered under the Multi State Co-operative Societies Act. It played a pivotal role in organizing and strengthening the cooperative marketing system in India. NAFED's price stabilization interventions have been instrumental in protecting farmers' interests. It ensures fair prices for their produce. NAFED undertakes market interventions to stabilize prices when they fall below the minimum support price (MSP) set by the government.

Over the years, NAFED's role has expanded beyond marketing to encompass a wider range of activities. This includes export promotion, infrastructure development, and capacity building.

NAFED has its headquarters in New Delhi with regional offices in Delhi, Mumbai, Chennai and Kolkata. It also operates 28 zonal offices in capitals of states and other crucial cities. The NAFED is part of "Operation Greens" where price stabilization measures are implemented in order to increase farmers' income by 2022. It works in tandem with the Food Corporation of India (FCI) in playing a lead role in purchasing oilseeds, pulses under the Price Support Scheme (PSS). The PSS in turn is also a scheme under the PM-AASHA scheme.

NAFEDhas contributed significantly to maintaining price stability of various essentials; primarily pulses and oil seeds, through the implementation of government procurement and distribution policies. In times of extreme price fluctuations, NAFED procures pulses and oil seeds from farmers at an equitable price, thereby preventing severe price increases in the market, which assists in ensuring price stability for farmers and consumers alike. Moreover, NAFED's ability to help farmers avoid being exploited by middlemen enables them to earn better income. Additionally, NAFED's function of enabling the exports of Indian agricultural products (pulses), have been able to increase India's market share globally, contribute to agricultural development and generate foreign currency.

5.1.4.1 Objectives of NAFED

The objectives of the NAFED shall be to organize, promote and develop marketing, processing and storage of agricultural, horticultural and forest produce, distribution of agricultural machinery, implements and other inputs, undertake inter-state, import and export trade, wholesale or retail as the case may be and to act and assist for technical advice in agricultural, production for the promotion and the working of its members, partners, associates and cooperative marketing, processing and supply societies in India.

Thus the objectives of NAFED are as follows:

1. To organize, promote, and develop marketing and storage of agricultural and forest produce.
2. Assist for technical advice in agricultural production.
3. Facilitation, coordination and promotion of marketing and trading activities of partners associates in the agricultural sector.
4. Undertaking purchase, sale and supply of agricultural, marketing and processing requirements such as manure, seeds, fertilizers etc.
5. Facilitate the construction of warehouses as per the Warehousing act by constructing its own godowns and storage facilities.
6. Act as agent of any government or cooperative for the purchase, sale and storage of agricultural, horticultural and animal husbandry produce.
7. Provide insurance coverage to cover any accidents that may occur.
8. Organize consultancy work for the benefit of allied institutions under the NAFED
9. To undertake marketing research and dissemination of market intelligence;
10. To subscribe to the share capital and undertake business collaboration with cooperative institutions, public, joint and private sector enterprises, if and when considered necessary for fulfilling the objectives of NAFED.

Thus the objectives of NAFED are centered on safeguarding farmers' interests by ensuring fair prices, providing efficient marketing support, and promoting cooperative growth across the country. By undertaking procurement, distribution, storage, processing, and export of agricultural produce, NAFED not only strengthens the agricultural marketing system but also stabilizes markets and prevents exploitation of farmers. Thus, its objectives reflect a strong commitment to enhancing farmer welfare, promoting self-reliance, and fostering balanced rural and national economic development.

5.1.5 The Tribal Co-operative Marketing Development Federation of India Limited (TRIFED) :

The Tribal Co-operative Marketing Development Federation of India Limited (TRIFED) is a national-level cooperative body established in 1987 under the Ministry of Tribal Affairs to promote the socio-economic development of India's tribal communities. Its primary objectives include institutionalizing the trade of Minor Forest Produce (MFP) and surplus agricultural products, developing a market for tribal artisans' and farmers' handicrafts, natural products, and food items, and creating brands for these tribal products.

5.1.5.1 Features of TRIFED:

1. Apex national organization for tribal development
2. Functions under the Ministry of Tribal Affairs
3. Focus on Minor Forest Produce (MFP)
4. Ensures fair prices through MSP for MFP
5. Promotes value addition and processing
6. Supports Van Dhan Vikas Kendras
7. Facilitates market access and promotion
8. Provides training and capacity building
9. Offers financial and technical support
10. Generates employment and livelihoods
11. Empowers tribal communities
12. Promotes sustainable tribal economy

5.1.5.2 Areas of operation of TRIFED

1. **Minor Forest Produce (MFP) Collection Areas:** TRIFED operates in regions where tribal communities collect MFP, ensuring procurement and fair prices for forest products.
2. **Van Dhan Vikas Kendras :** It functions in areas with tribal populations to set up these centers, promoting processing, value addition, and tribal entrepreneurship.
3. **Tribal Artisan and Handicraft Clusters :** TRIFED supports regions known for tribal crafts and artisanal products, providing training, skill development, and marketing assistance.
4. **Rural and Scheduled Areas:** Operations focus on tribal and backward rural areas to improve livelihoods, create employment, and reduce dependence on middlemen.
5. **Market Access Zones:** TRIFED links tribal products to domestic and international markets, including exhibitions, retail outlets, and online platforms, ensuring sustainable income.

5.1.5.3 Activities of TRIFED:

1. **Market Development:** Creating and developing markets for tribal products and facilitating their trade.
2. **Branding:** Creating recognized brands for tribal products to enhance their market appeal.
3. **Sourcing:** Sourcing handlooms, handicrafts, natural, and food products from tribal communities.

5.1.5.4 Objectives of TRIFED

1. To provide fair prices to tribals for their products by eliminating middlemen.
2. To ensure sustainable marketing of Minor Forest Produce (MFP) such as lac, gums, resins, honey, bamboo, tendu leaves, etc.
3. To promote and market tribal handicrafts and handlooms both in domestic and international markets.
4. To provide training and capacity building to tribal artisans for improving quality and design.
5. To implement government schemes like MSP for MFP (Minimum Support Price scheme) to protect tribals against exploitation.
6. To open TRIBES India outlets across the country for selling authentic tribal products.

TRIFED plays a vital role in empowering tribal communities by ensuring fair trade, promoting indigenous skills, and creating sustainable livelihood opportunities. By supporting the marketing of minor forest produce and tribal handicrafts, it not only uplifts the economic status of tribals but also preserves India's unique tribal heritage and culture.

5.1.6 National Cooperative Consumers' Federation (NCCF)

NCCF was established on 16th October, 1965 to function as the apex body of consumer cooperatives in the country. It is registered under the Multi-State Co-operative Societies Act, 2002. It operates through a network of 26 Branch Offices located in different parts of the country. NCCF Headquarters is situated in New Delhi. NCCF, as an organisation to promote consumer cooperative movement in the country, aspires to facilitate the voluntary formation and democratic functioning of cooperatives, based on self-reliance and mutual aid for overall economic betterment and financial autonomy.

As an apex organisation for the Consumer Cooperatives, NCCF is committed to apply the knowledge and resources acquired over years of its functioning to ensure the following: -

1. To satisfactorily meet the requirement of consumers
2. To maintain transparency and focus on consumer satisfaction- Focus on Consumer Satisfaction and maintain transparency
3. To continuously strive to achieve higher standards of performance

4. To enable growth of all its member co-operatives through dissemination of best practices and use of technology
5. To achieve higher growth better market penetration keeping the best interests of consumers in mind.

5.1.6.1 Functions of NCCF

1. **Procurement & Distribution:** Bulk purchase of essential items such as food grains, sugar, pulses, edible oils, textiles, and household goods, and their supply to state federations and local cooperatives.
2. **Support to Government Schemes:** Works as an agency for government programs like PDS (Public Distribution System), MSP operations, and market intervention schemes.
3. **Price Stabilization:** Maintains supplies to control price fluctuations in essential commodities.
4. **Retailing:** Operates wholesale and retail outlets directly or through state consumer federations.
5. **Training & Advisory Role:** Provides advice and training to strengthen consumer cooperatives at state and primary levels.
6. **Collaboration:** Works with other cooperatives and federations for import, export, and marketing of goods.

The National Cooperative Consumers' Federation (NCCF) is a cornerstone of the consumer cooperative movement in India. By procuring, distributing, and marketing essential commodities at fair prices, it safeguards consumer interests while supporting government welfare schemes. Its role in promoting efficiency, stability, and fairness in the supply of goods has made NCCF a vital link between producers, consumer cooperatives, and the general public.

5.1.7 National Cooperative Dairy Federation of India (NCDFI)

National Cooperative Dairy Federation of India (NCDFI), based at Anand (Gujarat), is the apex organization for the cooperative dairy sector. Its members include federal dairy cooperatives of states and union territories. Primary objective of NCDFI is to facilitate the working of dairy cooperatives through coordination, networking and advocacy. The NCDFI was registered with the following objects:

1. To promote the dairy and the oilseeds, vegetable / edible oil and vanaspati industries and other commodities on cooperative lines; and
2. To coordinate, help, develop and facilitate the working of the dairy and oilseeds growers cooperatives and affiliated organisations dealing in commodities.

The National Cooperative Dairy Federation of India (NCDFI) is the apex organization for dairy cooperatives in India, established in 1970 under the Multi-State Cooperative Societies Act. Headquartered in Anand, Gujarat, it functions as the central body representing state-level milk federations and district-level dairy unions across the country. NCDFI plays a vital role in coordinating the procurement, processing, and marketing of milk and milk products, ensuring fair returns to dairy farmers while supplying quality products to consumers.

In addition to marketing and coordination, NCDFI also works closely with government agencies to implement national dairy development programs. It facilitates bulk procurement of inputs such as cattle feed, equipment, and veterinary medicines, while also promoting exports of dairy products under cooperative brands. By linking producers with markets and promoting self-reliant dairy cooperatives, NCDFI has become a cornerstone in strengthening India's dairy sector and enhancing the livelihood of millions of rural milk producers.

5.1.8 Rubber Marketing Societies and their Federations

Rubber Marketing Societies are organizations, often cooperatives, formed by small rubber growers to collectively market their produce, access essential inputs like fertilizers and chemicals, receive processing support, and improve overall welfare by securing better prices and market access. Their importance lies in empowering small, unorganized growers by transforming them into an organized segment, promoting self-help, transferring technology, and establishing a collective bargaining power against larger players and market fluctuations:

5.1.8.1 Importance of Rubber Marketing Societies

1. **Fair Price and Market Access:**By pooling their produce, these societies give growers more market power and negotiate for remunerative prices, ensuring they aren't exploited by individual dealers.
2. **Organizing the Unorganized Sector:**They transform small, isolated growers into a cohesive group, bringing them into an organized segment of the market.
3. **Improved Product Quality:**Societies often establish common processing facilities, like smokehouses, to produce high-quality, graded rubber, thereby increasing its market value.
4. **Access to Inputs and Services:**Members can access essential inputs such as fertilizers, chemicals, and tapping aids, often at better prices through group purchasing.
5. **Promoting New Technologies:**They facilitate the adoption of new technologies and techniques for cultivation, processing, and productivity enhancement among members.
6. **Economic and Social Empowerment:**Beyond economic benefits, these societies aim for the broader social and economic empowerment of smallholders, improving their living conditions.
7. **Collective Bargaining:**Their combined strength allows them to effectively negotiate with larger processors, exporters, and the Rubber Board.
8. **Nodal Agency for Extension Services:**They often serve as effective nodal agencies for delivering extension services and other development programs directly to the growers.

5.1.8.2 Objectives of Rubber Marketing Societies

1. To procure natural rubber directly from growers at fair and competitive prices.
2. To ensure accurate grading, weighing, and standardization of rubber sheets.
3. To supply quality inputs such as fertilizers, pesticides, and tapping tools to growers.
4. To provide financial assistance and advances against the produce delivered.
5. To promote collective bargaining and protect growers from price fluctuations.

5.1.8.3 Functions of Rubber Marketing Societies

1. **Procurement & Marketing:** Collect and sell members' rubber sheets through organized channels.
2. **Grading & Standardization:** Ensure proper processing, grading, and certification for better price realization.
3. **Storage & Processing:** Provide storage facilities and, in some cases, latex processing units.
4. **Supply of Inputs:** Offer fertilizers, chemicals, and other farm inputs at reasonable rates.
5. **Credit Support:** Provide pledge loans and advances to members against their produce.
6. **Training & Support:** Conduct training programs on improved tapping and processing techniques.

Thu, Rubber Marketing Societies play a vital role in stabilizing the income of small rubber growers by ensuring fair prices and reducing dependence on private dealers. They also help in maintaining quality standards and strengthening the cooperative movement in the plantation sector. By linking with RUBBERMARK, they gain access to national and international markets, thereby enhancing the overall competitiveness of Indian natural rubber. Rubber Marketing Societies serve as a lifeline for small and marginal rubber producers by providing marketing, input supply, credit, and training support. Through collective strength and cooperative principles, they help growers secure better returns, contribute to rural development, and strengthen India's rubber economy.

5.1.8.4 Federations of Rubber Marketing Societies

Federations of Rubber Marketing Societies serve as the higher-tier organizations that bring together primary Rubber Marketing Societies to ensure efficient procurement, processing, and marketing of natural rubber. These federations operate at district, state, and national levels, providing financial, technical, and infrastructural support to member societies. They play a vital role in stabilizing rubber prices, promoting collective bargaining, developing storage and processing facilities, and linking growers with domestic as well as international markets. By integrating the efforts of thousands of small rubber growers, these federations strengthen the cooperative movement in the rubber sector and contribute significantly to the economic development of rubber-growing regions.

1. District-Level Federations

In some rubber-growing regions, particularly in Kerala, groups of Rubber Marketing Societies are federated into district cooperative marketing unions. These bodies coordinate the activities of primary societies, pool rubber for bulk sale, arrange grading and storage facilities, and link societies with the state federation. They act as an intermediate level, ensuring smoother marketing channels and providing financial as well as technical support to member societies.

2. Kerala State Cooperative Rubber Marketing Federation Ltd. (RUBBERMARK)

RUBBERMARK, established in 1971 and headquartered in Kochi, is the apex federation of Rubber Marketing Societies in Kerala. It procures natural rubber from primary societies, undertakes grading, standardization, storage, and processing, and markets rubber both within India and abroad. RUBBERMARK also supplies fertilizers, chemicals, and tapping tools, while providing credit and infrastructure facilities such as centrifuging plants and warehouses, making it the backbone of the cooperative rubber sector.

3. National Cooperative Development Corporation (NCDC)

Though not rubber-specific, the NCDC plays a vital role as a national-level supporting federation for Rubber Marketing Societies by providing financial assistance, project support, and working capital to both primary societies and RUBBERMARK. It aids in establishing processing plants, warehouses, and other infrastructure, thereby strengthening the cooperative marketing network in the rubber sector.

4. National Agricultural Cooperative Marketing Federation of India (NAFED)

NAFED, the national apex body for cooperative marketing, also supports Rubber Marketing Societies indirectly. While its main role is in agricultural commodities like pulses and oilseeds, it extends marketing, export, and price stabilization support to rubber cooperatives when required. By linking rubber with wider national and international markets, NAFED complements the efforts of RUBBERMARK.

In conclusion, the federations of Rubber Marketing Societies play a vital role in strengthening the rubber sector by uniting primary societies under a collective framework. They ensure fair prices for growers, provide marketing support, and facilitate storage, processing, and distribution on a larger scale. By promoting cooperation and reducing middlemen exploitation, these federations safeguard the interests of rubber farmers and contribute to the overall growth of the industry. Their efforts not only enhance economic stability for producers but also support the sustainable development of the rubber market in India.

5.1.9 Dairy Co-operative Societies and Their Federations

Dairy cooperative societies are farmer-owned organisations at the village level that collect milk and provide member benefits like artificial insemination, veterinary services, and quality fodder. These societies are federated into district and state-level milk unions and federations, such as Milma in Kerala, which handle processing, marketing, and branding to compete in the dairy market. At the national level, organisations like the National Cooperative Dairy Federation of India (NCDFI) serve as apex bodies for cooperative dairy sectors across states and union territories.

Dairy Co-operative Societies play a vital role in the development of the rural economy in India. These societies are formed by groups of dairy farmers who come together to collect, process, and market milk and other dairy products collectively. By eliminating middlemen, they ensure fair prices for farmers and provide consumers with quality dairy products. These cooperatives promote self-reliance among farmers and help in improving their income and livelihood.

The concept of dairy cooperatives in India gained momentum with the launch of Operation Flood in the 1970s, led by Dr. VergheseKurien, also known as the 'Father of the White Revolution.' This movement transformed India from a milk-deficient country into the world's largest milk producer. Dairy Co-operative Societies became the backbone of this revolution, empowering millions of small-scale farmers by providing a structured platform for milk collection, processing, and marketing.

Dairy Co-operative Societies function by collecting milk from member farmers, conducting quality checks, and forwarding it to processing units. They also supply cattle feed, veterinary services, and extension support to their members. These societies not only strengthen the dairy supply chain but also contribute to rural employment, women's empowerment, and nutritional security. Their success demonstrates the power of collective effort and cooperative management in rural development.

Most of the milk produced in the country is from the rural areas by small farmers who keep one or two animals. They have to face a number of problems in selling milk profitably such as inadequate transport facilities, non-availability of technical advice and absence of proper processing etc. These problems can be solved to a great extent by the formation of Dairy-Cooperatives. Co-operatives can reduce the number of intermediaries in the trade and societies will be in a position to supply milk to consumers, at reasonable price. Any assistance the producers may require for increasing production or improving the breed of cattle can be given more easily and effectively through a cooperative organization. A cooperative milk producers society provides a number of services to the dairy farmers such as provision of credit for purchase of milch animals, or meeting initial investment cost, provides technical advice to the farmers for improving the breed and feed of cattle, making available suitable.

5.1.9.1 Objectives / Functions of Dairy Co-operatives

1. Arrange for collection center and distribution network.
2. Arrange for processing of milk into milk products.
3. Arrange for selling of milk through their own depot and through licensed vendors.
4. Distribute cattle feed to the milk producers and also provide veterinary services.
5. Provide technical services to member farmers, like artificial insemination, veterinary facilities and supply of quality seeds and root slips for production of

green fodder.

6. Protect the hybrid quality of animals.
7. Organize dairy industry on a system of rural milk production and urban marketing.
8. Conduct Research and Development activities to improve the productivity rate.
9. Provide financial assistance to poor farmers to purchase cattle.
10. Encourage co-operation and self-respect among the members.
11. Prepare and undertake necessary projects for dairy development in the area.

5.1.9.2 Core Functions of a Dairy Cooperative Society:

1. **Milk Collection:** DCS collect milk directly from their farmer members, typically twice a day, ensuring collection from a large number of sources in a given area.
2. **Quality Control:** They establish milk collection centers and conduct quality checks for fat content, purity, and other parameters to ensure high-quality milk enters the supply chain.
3. **Member Payments:** Regular and timely payments are made to the dairy farmers for the milk they supply, providing them with a steady income.
4. **Input Services:** DCS provide members with vital inputs such as balanced cattle feed, high-quality fodder seeds, and services for animal health and breeding (like artificial insemination).
5. **Affiliation to Milk Union:** Village-level DCS are affiliated with a District Milk Union. The society then dispatches the collected and quality-checked milk to this union for further processing and marketing.
6. **Village Development:** These societies often contribute to overall village development, a reflection of their commitment to the welfare of their members and the community.
7. **Surplus Distribution:** Any surplus profits generated by the society are distributed to the members, often based on their milk patronage.

5.1.9.3 Role/ Importance / Significances of DCS

1. **Economic Empowerment:** Farmers receive fair prices for their milk and gain access to credit and other financial services.
2. **Elimination of Middlemen:** Co-operatives bypass traditional brokers, ensuring a greater share of the consumer's rupee for the producer.
3. **Access to Services:** Members receive support for animal healthcare (including veterinary aid and artificial insemination), as well as access to cattle feed and fodder seeds.
4. **Employment Generation:** Co-operatives create job opportunities in rural areas related to milk collection, processing, and marketing.
5. **Social Development:** They foster a sense of community, mutual support, and

collective action among farmers.

6. **Women's Empowerment:** Many co-operatives actively promote women's participation, providing them income-generating opportunities and enhancing their social standing.
7. **Collective Bargaining:** They provide a collective voice and strength to small farmers, which is impossible for individuals to achieve alone.
8. **Quality Enhancement:** Societies provide inputs like balanced cattle feed and veterinary services to enhance milk quality and production.
9. **Food Security:** Dairy co-operatives play a vital role in ensuring food and livelihood security for many rural communities

5.1.9.4 Structure of DCS

Dairy cooperative societies typically follow a three-tier structure, with the Primary Dairy Cooperative Society at the village level, the District Milk Union at the district level, and the State Milk Federation at the state level. This structure facilitates efficient milk collection, processing, and marketing, while the Primary Societies also provide essential support services and technical inputs to the farmer-members. The dairy cooperative movement usually operates in a three-tier structure:

1. Village Level – Primary Dairy Cooperative Societies (DCS)

A Primary Dairy Cooperative Society (DCS) is an autonomous village-level association of dairy farmers who voluntarily unite to meet their common economic needs, primarily by collecting milk and providing services to members. Under the Anand Pattern dairy cooperatives, these DCSs form the base of a three-tier system, federating into district-level Milk Unions and then into state-level Milk Federations, facilitating efficient milk collection, processing, and marketing. DCSs offer farmers better prices, access to inputs like cattle feed and veterinary services, and support for improving their dairy farming practices.

Features

a. These are the basic units, operating at the grassroots (village) level.
b. Comprise local milk producers who are members of the society.
c. Collect raw milk from members and provide them with inputs like cattle feed, veterinary care, and breeding services.
d. Ensure daily procurement of milk.
e. Earnings are distributed among members based on milk quality and quantity.

2. District Level – District Milk Unions

A district-level milk union is an apex cooperative body at the district level that aggregates milk from village-level dairy cooperative societies and undertakes processing and marketing of milk and milk products. It functions as a part of the Amul Model's three-tier system: primary societies at the village level, district unions, and state-level federations. These unions are responsible for procuring milk, processing it into various products, and marketing them to achieve economies of scale and ensure the economic well-being of milk producers.

Features

1. A federation of multiple village-level DCSs within a district.
2. Responsible for:
   - ◊ Bulk milk collection, chilling, and transportation.
   - ◊ Processing and packaging of milk.
   - ◊ Producing value-added products like butter, cheese, ghee, yogurt, etc.
   - ◊ Quality testing and maintenance.
3. Offers support services to village-level societies such as training, veterinary care, AI (artificial insemination), and feed supply.

3. State Level – State Dairy Federations

A State Dairy Federation is an apex cooperative organization at the state level in India, composed of district-level milk producer unions. Its main role is to market the milk and milk products of its member unions, provide technical inputs and services like breeding and artificial insemination, and implement policies to strengthen the cooperative dairy sector within the state. Famous examples include the Kerala Co-operative Milk Marketing Federation (KCMMF) or Milma and the Karnataka Milk Federation (KMF).

1. Apex body at the state level that coordinates and supports all district unions.
2. Tasks include:

a. Marketing of dairy products under a common brand.

b. Coordinating between districts for milk supply-demand balance.

c. Representing the dairy industry in state-level policy-making.

d. Mobilizing funds and implementing state/national schemes.

3. Examples:

a. Gujarat Cooperative Milk Marketing Federation (GCMMF) – which markets under the brand Amul.

b. Karnataka Milk Federation (KMF) – brand Nandini.

c. Tamil Nadu Cooperative Milk Producers' Federation (TNCMPF) – brand Aavin.

5.1.9.5 Problems of Dairy Co-operatives

1. The major problems faced by diary cooperatives in India are follows
2. Supply of inputs through the network of dairy co-operatives is not satisfactory.
3. Irregular payments to milk producers have frustrated them.
4. Balance cattle feed and fodder seed is not available regularly, which compelled farmers to use traditional feed.
5. Frozen semen technology to ensure greater productivity is used popularly.
6. Reach and effectiveness of animal health cover is still unlimited.
7. Framers induction programme is given low priority.

8. Dairy co-operatives are facing cutthroat competition with milk vendors.
9. Lack of proper coordination with district level authorities.

5.1.10 Federations of Dairy Cooperative Societies

The various federations of dairy cooperative societies in India are primarily state-level organizations that manage the procurement, processing, and marketing of milk and milk products under cooperative principles. These federations are supported by district-level milk unions and village-level dairy cooperative societies, forming a three-tier structure.

1. National Cooperative Dairy Federation of India Ltd. (NCDFI):
2. Kerala Co-operative Milk Marketing Federation (Milma):
3. Karnataka Milk Federation (Nandini):
4. Gujarat Cooperative Milk Marketing Federation (GCMMF) / Amul:
5. Karnataka Milk Federation (KMF) / Nandini:
6. Kerala Co-operative Milk Marketing Federation (KCMMF) / MILMA:
7. Punjab State Cooperative Milk Producers' Federation (MILKFED):
8. Odisha State Cooperative Milk Producers' Federation (OMFED):
9. Andhra Pradesh Dairy Development Cooperative Federation Ltd.:
10. Bihar State Milk Co-operative Federation:

5.1.10.1 Function of Federations

1. **Coordination:** Federations coordinate the activities of member unions and societies at the state and national levels.
2. **Marketing & Procurement:** They manage the procurement and marketing of milk products, providing a larger reach for member cooperatives.
3. **Support Services:** Federations often provide support to their member unions and societies, including services related to quality, finance, and organization.

In conclusion, federations of dairy co-operative societies play a vital role in strengthening the dairy industry by empowering farmers, promoting collective growth, and ensuring fair market access. These federations not only enhance productivity and quality standards through shared resources and technology but also safeguard the interests of small-scale producers. By fostering economic self-reliance and rural development, dairy co-operative federations contribute significantly to national food security and socio-economic progress. Continued support, innovation, and effective governance are essential to ensure their long-term sustainability and success.

5.1.11 Fishery Co-operatives and Their Federations

5.1.11.1 Introduction

Fishery cooperatives are member-owned organizations of fishermen and other aquatic industry stakeholders who pool resources and efforts to achieve mutual economic and social benefits, such as improved market access, fairer prices, shared access to equipment, and better living conditions. These organizations address the challenges faced by individual fishers by providing collective bargaining power and establishing more efficient systems for processing, marketing, and managing fishery resources, ultimately boosting the socio-economic well-being of their members and communities.

Fishery co-operatives are community-owned enterprises that pool resources to improve the economic and social well-being of fishers by providing services like credit, marketing, and technical assistance. Federations, such as the national FISHCOPFED and the Kerala-based Matsyafed, act as apex bodies for these co-operatives, coordinating their efforts, promoting their growth, and advocating for the broader interests of the fishing community.

The main functions of fishery co-operatives include providing fishing inputs such as nets, boats, and gear at affordable rates, arranging credit and insurance facilities, and promoting sustainable fishing practices. They also play a significant role in setting up infrastructure such as cold storages, ice plants, and processing units, which help reduce post-harvest losses. By organising collective marketing and distribution of fish, these co-operatives ensure fair prices and stable income for their member

In India and many other countries, fishery co-operatives act as vital institutions for promoting sustainable fishing practices, providing inputs and equipment at affordable prices, and organizing collective marketing of fish and fish products. They also extend support in areas such as credit, insurance, storage, processing, and training, thereby ensuring both economic security and social welfare for fishermen. As a result, fishery co-operatives not only enhance productivity and income but also contribute significantly to rural development and the overall growth of the fisheries sector.

Beyond economic benefits, fishery co-operatives contribute to the overall welfare of fishing communities by offering training, education, and awareness programs. They encourage the adoption of modern technology in aquaculture and marine fisheries while ensuring conservation of resources. Thus, fishery co-operatives act as instruments of social security, economic stability, and community development in the fisheries sector.

5.1.11.2 Objectives of Fisheries Co-operatives

The primary objectives of fisheries cooperatives are to enhance the socio-economic conditions of fishermen through better financial access, including credit and insurance, improved marketing to eliminate middlemen, and the supply of essential inputs like modern equipment and materials. They also aim to promote sustainable fishing practices, develop processing and storage facilities, provide technical training and support, foster community welfare, and ensure fair and sustainable management of fishery resources for the benefit of their members.

A. Economic Objectives

1. **Access to Credit:** To provide members with access to working capital and loans for purchasing gear and vessels, which individual fishermen may struggle to obtain from banks due to collateral issues.
2. **Cost Reduction:** To enable members to share the costs of essential supplies, equipment, and infrastructure, reducing individual expenses.
3. **Improved Marketing:** To collectively market fish and by-products, allowing the cooperative to achieve better prices by eliminating exploitative middlemen.
4. **Enhanced Value Addition:** To establish and operate processing, storage, and transportation facilities to add value to catches, increasing revenue.

B. Operational Objectives

1. **Shared Resource Management:** To jointly own and manage fishing vessels, equipment, and facilities to optimize resource utilization and reduce individual investment risks.
2. **Knowledge & Technology Sharing:** To facilitate the adoption of modern fishing techniques and technologies, improving productivity and sustainability.
3. **Supply of Inputs:** To ensure a consistent and affordable supply of fishing materials and other necessary supplies for members.

C. Social & Community Objectives

1. **Employment Generation:** To create employment opportunities within the broader fishery value chain, including processing, curing, drying, and marketing.
2. **Welfare Schemes:** To establish and manage funds for members' welfare, such as insurance for boats, life and health insurance, and pension schemes.
3. **Community Empowerment:** To empower the fishing community by facilitating their participation in decision-making and by providing education and training.

D. Sustainability & Regulatory Objectives

1. **Sustainable Resource Management:** To promote responsible fishing practices to ensure the long-term sustainability of fishery resources and support environmental conservation.
2. **Government Scheme Linkage:** To act as a conduit for fishermen to access various government schemes, financial assistance, and subsidies, bridging the gap in navigating bureaucratic procedures.
3. **Fair Distribution of Resources:** To ensure a fair and equitable distribution of fishery resources, promoting both economic benefits and a balanced ecosystem.

Thus the objectives of a Fisheries Co-operative Society focus on enhancing the socio-economic well-being of fishermen by promoting collective effort, fair trade practices, and sustainable resource management. By ensuring better access to credit, technology, and markets, these societies empower members to improve productivity and income while safeguarding marine resources for future generations. Ultimately, they serve as a platform for unity, mutual support, and progress in the fisheries sector.

5.1.11.3 Functions of Fisheries Cooperatives

Fisheries cooperatives provide comprehensive support to their members by managing resources, facilitating marketing and sales to secure fair prices, and offering essential services like credit, insurance, and modern equipment, thereby enhancing the socio-economic status of fisher folk. They also play a crucial role in improving members' bargaining power against middlemen and large companies, promoting sustainable fishing practices, and fostering community development through shared resources and education on cooperative principles.

A. Economic and Market Functions

1. **Marketing and Sales:**Cooperatives create direct marketing channels, bypassing middlemen to ensure fishermen receive fair and competitive prices for their catch.
2. **Credit and Financial Services:**They provide access to timely and adequate financial assistance for purchasing inputs like modern fishing implements, boats, and motors, as well as for other economic activities.
3. **Supply of Inputs and Equipment:**Cooperatives facilitate the collective procurement and distribution of essential resources, including fishing gear and other modern equipment, to members.
4. **Processing and Value Addition:**They engage in activities such as fish processing, drying, and curing, along with operating storage and canning facilities, to increase the value of the catch and generate employment opportunities.

B. Social and Community Functions

1. **Empowering Fishers:**By improving bargaining power and providing better access to resources and markets, cooperatives accelerate the socio-economic advancement of fishers.
2. **Promoting Sustainable Management:**They work towards sustainable fishery management and help to combat the problems of overfishing and environmental degradation by fostering responsible practices.
3. **Education and Training:**Cooperatives offer education and awareness programs on cooperative principles and management, equipping members and staff with essential skills.
4. **Community Development:**They contribute to overall community development by fostering collaboration and providing collective support to members facing exploitation and human rights violations.

C. Organizational and Management Functions

1. **Resource Management:**Cooperatives help in the sustainable management of fisheries resources and can be involved in activities like aquaculture and the sharing of fishing vessels.
2. **Democratic Governance:**They operate under democratic control, ensuring that the interests and needs of the members are prioritized.

3. **Strengthening the Cooperative Movement:**Cooperatives act as important agencies for fishers to improve their collective strength and presence in the industry.

In summary, the functions of fisheries co-operatives play a vital role in improving the livelihood of fishermen by organizing production, ensuring fair pricing, providing credit facilities, supplying quality inputs, and creating better market opportunities. They also focus on training, technical assistance, and promoting sustainable fishing practices, which not only strengthen the economic position of members but also protect aquatic resources. Thus, fisheries co-operatives act as a bridge between fishermen and the wider economy, fostering social security, collective growth, and long-term development in the fisheries sector.

5.1.12 Federation of Fisheries Co-operatives

A "federation of fisheries cooperatives" is a national or regional organization that acts as the apex body for various fisheries cooperative societies, working to promote and develop the fisheries cooperative movement. Key examples include the National Federation of Fishers Cooperatives Ltd. (FISHCOPFED) in India, which facilitates production, processing, and marketing for its member societies, and Matsyafed in Kerala, which supports the economic and social development of its fishermen community.

5.1.12.1 National Federation of Fishers Cooperatives Ltd.(FISHCOPFED)

The National Federation of Fishers Cooperatives Ltd. (FISHCOPFED) is a national level federation of fisheries cooperatives and the apex institution of Indian Fisheries Cooperative Movement. Its motto is to promote and develop the fishery cooperative movement in India, to educate, guide and assist fishers in their efforts to build up and expand the fishery cooperative sector and serve as an exponent of cooperative opinion in accordance with cooperative principles. It was established in 1980 as All India Federation of Fishermen Cooperatives and was rechristened as National Federation of Fishers Cooperatives Ltd. in 1982.

FISHCOPFED is well promoted through schemes and funds of the Dept. of Fisheries of the Ministry of Fisheries, Animal Husbandry and Dairying, Dept. of Agriculture & Cooperation Govt. of India, National Cooperative Development Cooperation and National Fisheries Development Board.

5.1.12.2 Objectives of FISHCOPFED

1. FISHCOPFED aims to promote and develop fishermen cooperative societies across India to improve the socio-economic conditions of fishers.
2. It works to ensure the supply of quality fishing equipment, gear, and boats to member cooperatives at fair and reasonable prices.
3. One of its key objectives is to support the marketing of fish and fishery products, helping cooperatives secure better prices and reduce dependence on middlemen.
4. The organization conducts training programs and capacity-building activities

to enhance the skills and knowledge of fishermen and cooperative members.

5. FISHCOPFED helps cooperatives access financial assistance and credit facilities from banks and government institutions.
6. It is responsible for implementing various government welfare schemes aimed at improving the livelihood and welfare of fishermen.
7. FISHCOPFED encourages the use of modern techniques and sustainable practices by supporting research and development in fisheries and aquaculture.
8. It represents the interests of fishermen cooperatives at the national level and advocates for supportive policies and regulations.
9. The federation also promotes the development of inland fisheries and aquaculture, helping members diversify and increase income opportunities.

Thus FISHCOPFED plays a vital role in empowering fishermen and strengthening the fisheries sector in India through cooperative development. By providing essential support in areas such as equipment supply, marketing, training, and welfare schemes, it helps improve the livelihoods of lakhs of fishers across the country. Its efforts in promoting sustainable practices, financial inclusion, and inland fisheries contribute significantly to the growth of the rural economy. As the apex organization for fishermen cooperatives, FISHCOPFED continues to be a strong pillar for the overall development and welfare of the fishing community in India.

5.1.13 Matsyafed

Matsyafed, officially known as the Kerala State Co-operative Federation for Fisheries Development Ltd., is the apex federation of fishermen cooperatives in Kerala. Established in 1984, It is an Apex Federation of primary level welfare societies in the coastal fishery sector with the objective of ensuring the economic and social development of the fishermen community by implementing various schemes aimed at promoting the production, procurement, processing and marketing of fish and fish products.

Kerala's fisheries and aquaculture resources are rich and diverse. Many species of fishes, invertebrates, plants, algae and other aquatic living organisms occupy a wide variety of habitats along the inland waters as well as the 590 km of coastline and associated waters. Kerala's coastline accounts for over 10 % of the coastline of the country. The aquatic biodiversity and fish wealth of Kerala sustain more than 10 lakh fisherfolk and supports numerous additional activities including commercial fishing, aquaculture, biotechnology applications, tourism, education and recreation. The growing population, diverse culture, and expanding economy will continue to place additional demands on the state's marine resources, and make management of these resources increasingly complex.

Matsyafed works under the Department of Fisheries, Government of Kerala, with the primary aim of promoting the welfare and development of the fishing community. It coordinates and supports a wide network of primary fishermen cooperative societies across the state, focusing on activities such as supply of fishing inputs, fish marketing, credit support, and housing, education, and employment generation. Through its various initiatives, Matsyafed plays a crucial role in improving the socio-economic conditions of traditional marine and inland fishers in Kerala.

5.1.13.1 Functions of Matsyafed

Matsyafed is engaged in the implementation of multifaceted activities for the welfare development of the fisherman community as detailed below:

1. Production oriented activities
2. Welfare activities
3. Employment generation activities
4. Commercial activities
5. Women oriented activities
6. Extension activities
7. Aquaculture activities
8. Housing and basic sanitation.

Production oriented activities: Through the integrated fisheries development project Matsyafed has been involved in the process of supplying quality fishing inputs to the traditional fishermen of marine and inland sectors at subsidized rates. To avoid exploitation of fishermen and to ensure better price to the fish landed, beach level auctions of the fish are conducted by the primary co-operatives societies of Matsyafed.

Welfare activities: Eight Vanitha (English: Woman) Buses are operated for transporting fisherman vendors to various routes. The fishermen are covered under the personal accident Insurance scheme for a nominal premium wherein the dependents of those who die in accidents are paid Rs. 1,50 lakhs and for partial disablement Rs. 0.50 lakhs is paid. Community peeling centres are being run in spite of loss to the Federation as an employment opportunity unit for fishermen. Matsyafed has set up 200 small-scale production units of ornamental fishery benefiting 600 fishermen.

Employment generation: Matsyafed has been implementing schemes with the assistance of the National Backward classes finance and Development Corporation since 1995-96 and National Minorities development and Finance Corporation since 1997-98 to provide alternate and diversified employment avenues for the unemployed youth.

Commercial activities: Matsyafed is spearheading many activities by operating nylon net factories, ice and freezing plant, Diesel bunks, Fish Manure plants, Chitosan Plant, Vyasa stores, OBM service centres etc. To ensure timely service to the fishermen at moderate cost, the OBM workshops are set up. The Net Factory ensures the supply of quality fishing nets at moderate cost; timely supply of fishing inputs and accessories are ensured by the Vyasa Stores.

Women-oriented activities: To take up any employment generating activity, fishermen are given loans at very low interest rate.

Extension activities: Since it is felt that the backwardness of the fishing folk is mainly due to the lack of general programmes, health awareness camps, medical camps, etc. are being organized in the coastal area.

Aquaculture activities: To augment the development of fishery, Matsyafed has been managing 3 farms and 4 hatcheries. Fish farm and aqua tourism centre, Vypin are the two of such farms located in Vypin. To check fishery resource depletion in the marine as well as inland waters, fishery conservation measurements have been taken up.

Housing and basic sanitation: Government has entrusted implementation of Housing and sanitation schemes to local bodies from 1997 onwards and hence the residue works are only being carried out. Matsyafed has already completed construction of 33400 houses. In order to give relief to the poor fishermen, Matsyafed had come up with a debt relief scheme amounting to Rs. 9 crores and the government has sanctioned the required amount for this scheme. Based on this, Matsyafed had constructed Adalaths for the Debt relief scheme for fisherman in all the 14 districts and the maximum relief was passed on to the eligible fishermen during this period.

5.1.13.2 What they do

1. Promote Cooperative Principles:They champion cooperative ideology and its benefits to the fishing community.
2. Support and Assist Fishers:They provide education, guidance, and support to help fishers build their cooperatives.
3. Facilitate Production and Marketing:They organize and develop the production, processing, storage, and marketing of fish and its products.
4. Provide Resources:They may also facilitate the manufacturing and distribution of necessary machinery, implements, and other inputs for the fishing industry.
5. Improve Socio-Economic Status:They undertake activities that directly improve the welfare and economic status of fishers.

5.1.14 Structure of Fisheries Federations

The structure of fisheries federations is a multi-tier system, commonly a three-tier pattern, with a national federation at the apex, state federations at the intermediate level, and primary cooperatives at the base. Each tier serves a specific purpose: primary cooperatives in villages provide direct services to fisher folk, central/district federations at the district level offer support to these primaries, and state federations act as apex bodies supporting cooperative development and policies within their respective states. The top national federation, such as FISHCOPFED, provides national-level guidance, promotion, and policy direction for the entire fisheries cooperative movement.

A. National Level-Apex Federation

1. **Apex Body:** This is the highest level, represented by a national federation of fishermen cooperatives (e.g., FISHCOPFED in India).
2. **Membership:** Composed of member organizations from state federations.

3. **Function:** To promote the cooperative movement, arrange insurance for fishers, provide technical guidance, and represent cooperative opinions nationally.

B. State Level-State Federations

1. **Apex State Bodies:** These federations act as the apex body for their respective states.
2. **Membership:** Composed of members from district-level central societies.
3. **Function:** To administer and strengthen cooperative activities within the state, provide infrastructure and inputs, and coordinate the activities of central societies.

C. District (Central) Level- Primary Level

1. **Central Societies:** These organizations operate at the district level.
2. **Membership:** Comprised of primary fisheries cooperative societies.
3. **Function:** To provide support and services to the primary societies, such as procuring fish and providing equipment, inputs, and technical assistance.

Examples

1. **FISHCOPFED (India):**The national apex institution for the Indian fisheries cooperative movement, established in 1980. It serves as a spokesperson for Indian fishers and supports them through various schemes and initiatives from the government.
2. **Matsyafed (Kerala, India):**A state-level apex federation of primary welfare societies in the coastal fishery sector, registered in 1984. Its mission is to improve the social and economic well-being of traditional fishers in Kerala.
3. **SUHYUP (South Korea):**The National Federation of Fisheries Cooperatives in South Korea, which manages fishing, farming, and other related activities in the seafood industry.

Thus Fisheries federations in India are organized in a three-tier cooperative structure, similar to other cooperative sectors. This structure helps in efficient administration, service delivery, and representation of fishermen at all levels.

Recap

◊ **Marketing Societies** are cooperative institutions that help farmers and producers collectively sell their produce, ensuring fair returns and reducing dependence on middlemen.

◊ **Agricultural Marketing Societies** provide facilities such as storage, grading, transportation, and credit, making marketing more efficient and profitable for farmers.

◊ **Primary Marketing Societies** operate at the village or local level, directly assisting producers in pooling and selling their produce.

- ◊ **Federations of Primary Marketing Societies** function at district, state, and national levels to coordinate large-scale marketing and provide wider support services.
- ◊ **NAFED (National Agricultural Cooperative Marketing Federation of India Ltd.)** is the apex body that promotes cooperative marketing, exports, price stabilization, and distribution of agricultural products across India.
- ◊ **Rubber Marketing Societies** protect the interests of rubber growers by ensuring collective sale, fair prices, and facilities for storage, processing, and distribution.
- ◊ **Federations of Rubber Marketing Societies** coordinate marketing at higher levels, reduce exploitation by traders, and promote the sustainable growth of the rubber industry.
- ◊ **Dairy Cooperative Societies** help farmers pool milk, process it, and market dairy products efficiently, ensuring regular income and fair prices for milk producers.

Objective Questions

1. What is the main objective of Agricultural Marketing Societies?
2. At which level do Primary Marketing Societies function?
3. What does NAFED stand for?
4. In which year was NAFED established?
5. What is the main role of Rubber Marketing Societies?
6. Which cooperative model is associated with Amul in the dairy sector?
7. Fishery Cooperative Societies mainly help fishermen in which activity?

Answers

1. Proled farmers from exploitation
2. At first tier
3. National Agricultural Co-operative Marketing Federation of India Ltd.
4. 1958
5. Fair price for rubber growery
6. Three Tier model
7. Fishery activity

Self-Assessment Questions

1. What are Agricultural Marketing Societies?
2. State any two functions of Primary Marketing Societies.
3. What is the role of federations in agricultural marketing?
4. Write a short note on NAFED.
5. How do Rubber Marketing Societies help rubber growers?
6. Mention two objectives of federations of Rubber Marketing Societies.
7. What are Dairy Cooperative Societies? Give one example.
8. Explain the role of federations of Dairy Cooperatives in India.
9. How do Fishery Cooperative Societies support fishermen?
10. State two advantages of marketing societies for agricultural producers.
11. What facilities are provided by Fishery Cooperative Societies?
12. What is the role of federations of Primary Marketing Societies?
13. What is meant by Marketing Societies?

Assignments

1. What are Agricultural Marketing Societies?
2. State any two functions of Primary Marketing Societies.
3. What is the role of federations in agricultural marketing?
4. Write a short note on NAFED.
5. How do Rubber Marketing Societies help rubber growers?
6. Mention two objectives of federations of Rubber Marketing Societies.
7. What are Dairy Cooperative Societies? Give one example.
8. Explain the role of federations of Dairy Cooperatives in India.
9. How do Fishery Cooperative Societies support fishermen?
10. State two advantages of marketing societies for agricultural producers.
11. What facilities are provided by Fishery Cooperative Societies?
12. What is the role of federations of Primary Marketing Societies?
13. What is meant by Marketing Societies?

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Unit 2
Specific Purpose Societies

Learning Outcomes

After completing this unit, the learner will be able to;

- ◊ know the meaning and concept of Specific Purpose
- ◊ learn about the different types of Specific Purpose Societies
- ◊ explain the objectives and functions of Specific Purpose Societies
- ◊ recognize the importance of these societies in social and economic development
- ◊ gain knowledge of the role of Specific Purpose Societies in fulfilling targeted needs

Prerequisite

Specific Purpose Societies are highly relevant in today's society as they address particular needs that cannot be effectively met by general co-operatives. By focusing on specific areas such as housing, credit, marketing, or processing, these societies provide targeted solutions that directly benefit their members. Their relevance lies in promoting collective welfare, ensuring economic stability, and supporting social development in both rural and urban communities. In a rapidly changing economy, Specific Purpose Societies remain important for empowering people, reducing inequalities, and meeting the unique demands of different groups.

Keywords

Processing Co operatives, Housing Co Operatives and Consumer Co Operatives

Discussion

5.2.1 Introduction

Specific Purpose Societies are cooperative organizations formed to meet a particular need or achieve a clearly defined objective. Unlike general cooperative societies, which cover a wide range of activities, specific purpose societies concentrate on one focused area such as credit, housing, consumer supply, farming, or marketing. Their specialized nature ensures efficiency, better management, and targeted benefits to their members.

These societies are created when people with common needs or interests come together to solve a specific problem collectively. For example, a housing cooperative is formed to provide affordable housing, while a credit society is set up to offer loans to members at reasonable rates. By focusing on a single objective, specific purpose societies eliminate confusion and ensure that resources are used effectively to achieve their chosen goal.

The role of specific purpose societies is very important in modern cooperative movements, as they provide practical solutions to pressing issues of society. They not only improve the economic conditions of members but also enhance social welfare by addressing essential needs such as shelter, finance, farming inputs, or consumer goods. Their focused structure makes them a powerful tool for community development and collective growth.

Thus a specific purpose society is a cooperative or non-profit organization formed to achieve a single, focused objective for the mutual benefit of its members. Rather than aiming for maximum profit, these societies are guided by the principles of self-help, mutual assistance, and service.

5.2.1.1 Meaning of Specific purpose societies

1. **A Specific Purpose Society** is a cooperative society formed to achieve a **single, well-defined objective** such as housing, credit, marketing, or consumer services, focusing only on that particular activity for the benefit of its members. It is a member-based organization with a limited scope of work, created to serve a particular economic or social need of its members efficiently, unlike multi-purpose societies that perform many functions.

Thus a Specific Purpose Society refers to a cooperative society that is established to carry out one specific activity, such as providing housing, credit, marketing, or consumer services.

1. Their purpose is limited and well-defined.
2. They concentrate on efficiency in the chosen activity.
3. They avoid dilution of resources by restricting themselves to one function.

Some of the examples of Specific Purpose Societies are :

1. **Housing Societies** – Provide affordable houses/plots to members.
2. **Credit Societies** – Provide credit to members at reasonable rates.
3. **Marketing Societies** – Help farmers/ producers sell their products collectively.
4. **Consumer Societies** – Supply essential goods at fair prices.
5. **Dairy/Fishery Societies** – Promote milk production, fisheries, and allied activities.
6. **Rubber/Plantation Societies** – Support plantation farmers in production and marketing.

5.2.1.2 Nature of Specific purpose societies

Specific Purpose Societies are cooperative organizations established to fulfill a single, well-defined objective for the collective benefit of their members. Their nature is service-oriented rather than profit-oriented, as they primarily focus on meeting the economic, social, or common needs of the community, such as housing, credit, consumer supply, dairy, or farming. They operate on democratic principles, ensuring equal participation and decision-making rights for all members. These societies function within a limited area of operation, making them more effective and accountable to their members. By pooling resources and practicing mutual help, Specific Purpose Societies reflect the spirit of cooperation, transparency, and collective welfare while enjoying a distinct legal status under cooperative laws. The following are some of the nature of SPS

1. Single Objective Nature:

Specific Purpose Societies are created to serve one particular objective, such as providing housing, credit, consumer goods, dairy, or marketing support. Unlike multi-purpose cooperatives, they concentrate on a single function, which makes their operations more effective and goal-oriented.

Example: **Housing Societies**, like the **Delhi Development Authority (DDA),** are established with the sole purpose of providing affordable housing to members, focusing on this single goal to ensure efficient and targeted service delivery

2. Service-Oriented Character:

The primary nature of these societies is service rather than profit. They work to meet the economic and social needs of members by ensuring affordable services, better facilities, and collective welfare. Any surplus earned is either reinvested or distributed fairly among members.

Example: The Amul Dairy Co-operative provides dairy products to its members at affordable prices, focusing on the welfare of farmers rather than generating profit, with any surplus reinvested into the cooperative.

3. Democratic Management

These societies operate on democratic principles, where every member has equal rights in decision-making. The system of *"one member, one vote"* ensures transparency, participation, and accountability in the management of the society.

4. Local and Limited Operation

Specific Purpose Societies usually function within a defined local area or community. This limited scope of operation allows them to understand members' needs closely, deliver services efficiently, and maintain personal relations with their members.

Example: Pune District Co-operative Bank operates mainly within Pune, understanding the local community's needs and providing tailored services such as agricultural loans and savings schemes for the region's farmers.

5. Co-operative and Legal status

They function on the basis of mutual help and cooperation, reflecting the true spirit of the cooperative movement. Registered under cooperative laws, these societies enjoy a separate legal identity, which enables them to own property, enter contracts, and sue or be sued in their own name.

Example: The Kerala Co-operative Housing Federation (KCHF) is registered under cooperative laws, allowing it to own property, enter into contracts, and function as a legal entity, ensuring security for its members.

6. Self Help and Mutual Aid

They operate on the principle of mutual cooperation, where members join together to pool their resources and help each other achieve a common purpose.

Example: Self-Help Groups (SHGs) in rural India, where women come together to pool their savings and provide micro-loans to each other, reflect mutual aid and cooperative principles for empowering local communities.

7. Capital Formation

Capital is raised mainly through members' contributions such as share capital, deposits, and entrance fees. In some cases, they may also borrow funds from cooperative banks or government institutions.

Example: The Mumbai District Central Co-operative Bank (MDCB) raises capital from member deposits, share capital, and entrance fees, which are used to provide affordable loans to its members, enhancing local economic growth.

8. Accountability and Transparency

Regular audits, annual meetings, and reports ensure transparency in their operations. Members have the right to question, supervise, and participate in the management of the society.

9. Member Centric Benefits

The benefits of the society are distributed among members fairly, either in proportion to their participation or through improved services. Thus, the main advantage of these societies lies in the direct welfare of their members.

Example: The Bangalore District Co-operative Bank distributes dividends to its members based on their participation, offering benefits like lower-interest loans and enhanced financial services.

10. Voluntary Membership

Membership in these societies is open and voluntary. Any person who meets the eligibility criteria and agrees to follow cooperative principles can become a member.

In conclusion, the nature of Specific Purpose Societies lies in their focused approach toward achieving clearly defined objectives that benefit their members and the wider community. Unlike general societies, they are created with a limited scope, targeting a particular economic, social, or developmental need such as housing, marketing, or credit support. Their structure ensures efficiency, accountability, and member participation in decision-making, while also allowing them to operate with flexibility in their chosen area. By concentrating on one specific goal, these societies maximize impact, promote cooperation, and contribute meaningfully to the socio-economic progress of their members and society at large.

5.2.1.3 Advantages of Specific Purpose Societies

1. Focused attention on one activity ensures efficiency.
2. Easy to manage due to limited scope.
3. Helps members meet urgent needs like housing, credit, or marketing.
4. Promotes collective bargaining power.
5. Provides social security and economic upliftment to members.

5.2.1.4 Limitations of Specific Purpose Societies

1. Restricted to one activity; cannot diversify in times of crisis.
2. Dependence on government support in some cases.
3. Limited resources as compared to multi-purpose cooperatives.
4. Sometimes face mismanagement or political interference.

Thus Specific Purpose Societies are vital instruments in the cooperative movement as they cater to the specialized needs of members with efficiency and accountability. Their strength lies in their focus—whether it is providing housing, credit, or marketing support—ensuring members receive dedicated services without dilution of objectives. By promoting cooperation, mutual help, and socio-economic progress, these societies play an important role in community development while complementing broader cooperative institutions.

5.2.2 Processing Co- operatives

The history of processing cooperatives in India dates back to the early 20th century, following the Cooperative Societies Act of 1904, with the Co-operative Marketing Societies Act of 1912 being a significant step towards collective selling of agricultural produce. While early efforts focused on credit, the need for processing (like cotton and arecanut) and marketing emerged later, with key recommendations from bodies like the Royal Commission on Agriculture in 1928. Post-Independence, cooperative processing, including milk and agro-based industries, expanded under planned economic development, though challenges like operational losses and uneven development persist.

Processing Co-operatives are specialised co-operative societies formed by producers to undertake processing activities of raw materials, mainly agricultural produce, before marketing them. They provide a platform for farmers, fishermen, and other primary producers to add value to their products through cleaning, grading, packaging, and processing, thereby ensuring better returns. These co-operatives play a crucial role in bridging the gap between production and consumption by transforming raw produce into marketable goods.

The primary objective of Processing Co-operatives is to safeguard the interests of small and marginal producers by enabling collective ownership and management of processing facilities. Individual farmers may not have the resources to establish modern processing units, but through co-operatives, they can pool resources and share the benefits. By ensuring fair prices, reducing wastage, and enhancing product quality, processing co-operatives strengthen the economic position of their members.

Processing Co-operatives also contribute to rural industrialisation by creating employment opportunities and promoting local enterprises. They play a vital role in reducing exploitation by middlemen, as producers can directly process and market their goods under the co-operative brand. Examples include sugar co-operatives, oilseed processing societies, dairy co-operatives, and rice mills run by farmers. Such institutions help members to not only sustain their livelihoods but also compete effectively in larger markets. Examples of Processing Cooperatives include :

1. **Sugar Cooperatives**: Sugarcane processed into sugar (e.g., Maharashtra sugar cooperatives).
2. **Dairy Cooperatives**: Milk processed into butter, cheese, ghee (e.g., AMUL).
3. **Oilseed Cooperatives** : Oilseeds processed into edible oils.
4. **Fruit and Vegetable Cooperatives** : Processing into jams, juices, and pickles.
5. **Rice Mills & Cotton Ginning Cooperatives**: Adding value before marketing.

5.2.2.1 Need and Importance of Processing Co-operatives

Processing cooperatives are essential for adding value to agricultural products, ensuring fair prices for farmers by reducing middlemen, and strengthening rural economies through collective bargaining power, access to larger markets, and decentralized industry. They provide significant social benefits by empowering marginalized communities, promoting democratic governance, and fostering self-help, ensuring that economic benefits remain within the community by reinvesting profits or returning them to members.

5.2.2.2 Need for Processing Cooperatives

1. Farmer Exploitation:

Individual farmers often face severe exploitation from middlemen due to their weak bargaining power, lack of storage facilities, and dependence on immediate cash needs. Middlemen purchase produce at very low prices during peak harvest seasons and sell it at higher rates in the market, leaving farmers with minimal returns. Moreover, farmers are vulnerable to price volatility as they cannot control market fluctuations or preserve their produce for better prices. Processing cooperatives address this issue by enabling collective processing, storage, and direct marketing, ensuring fair returns and reducing the dependence on exploitative intermediaries.

2. Market Access

Small and marginal farmers often struggle to access larger and more profitable markets due to limited resources, poor infrastructure, and a lack of bargaining power. They are usually confined to local markets where prices are low and competition is high. Without proper networks or processing facilities, they cannot reach urban consumers or export markets that demand higher quality and value-added products. Processing cooperatives help overcome this challenge by collectively marketing members' produce, improving quality through processing, and establishing direct links with wholesalers, retailers, and even export channels. This collective approach ensures better price realisation and wider market reach for farmers.

3. Value Addition

The need for processing cooperatives arises strongly in the context of value addition. Farmers who sell their produce in raw form often receive minimal returns, as unprocessed goods have lower demand and shorter shelf life. Processing not only enhances the quality, appearance, and durability of the produce but also transforms it into products that attract better prices in the market. For example, fruits can be turned into jams, juices, or dried products, while oilseeds can be processed into edible oil. Through collective ownership of processing units, cooperatives enable farmers to benefit from economies of scale, adopt modern technology, and share profits equitably. Thus, processing cooperatives empower farmers by increasing profitability, reducing wastage, and ensuring sustainable livelihoods through systematic value addition.

4. Rural Development

Processing cooperatives play a vital role in fostering rural development by creating employment opportunities, generating additional income, and promoting self-reliance among farming communities. By establishing processing units within villages, they help reduce rural-urban migration and ensure that economic activities remain within local areas. These cooperatives encourage skill development, introduce modern technology at the grassroots level, and empower farmers through collective participation and democratic decision-making. The profits generated are reinvested in community welfare, infrastructure, and better living standards, thereby uplifting entire rural societies. Thus, processing cooperatives act as engines of rural development, balancing economic progress with social equity.

5. Decentralization

Processing cooperatives are essential for promoting decentralisation of industries and economic activities in rural areas. Instead of concentrating processing units in urban centers or under private monopolies, cooperatives establish small and medium units in villages and semi-urban regions. This ensures that farmers and producers can directly participate in processing and marketing without depending on distant industries or exploitative intermediaries. Decentralisation through cooperatives not only reduces transportation costs and post-harvest losses but also distributes economic benefits more evenly across regions. It strengthens local self-reliance, empowers communities, and supports balanced regional development by bringing industrial opportunities closer to the producers.

5.2.2.3 Importance of Processing Cooperatives

1. Economic Empowerment

Cooperatives pool farmers' resources, providing access to collective bargaining, better financial services, and fair prices, directly improving their livelihoods.

2. Value Chain Integration

They offer services like processing, packaging, and transportation, allowing farmers to focus on production and capture more value from their products.

3. Community Development

Cooperatives build community cohesion, promote democratic governance, and ensure that economic gains are reinvested locally.

4. Market Efficiency

By acting as collective entities, they reduce market inefficiencies, provide a competitive alternative to private traders, and help ensure the quality and compliance of products for various markets.

5. Sustainable Practices

They can promote environmentally sustainable practices, resource conservation, and overall social development within their communities.

6. Financial Inclusion

Processing cooperatives, like other cooperative societies, can offer financial services to members, encouraging savings and providing access to funds for economic growth.

7. Sustainable Practices

With growing environmental concerns, processing co-operatives are increasingly adopting sustainable practices, like reducing waste and using green technology, to process agricultural products

5.2.2.4 Objectives of Processing Cooperatives

1. To provide facilities for processing members' produce at reasonable cost.
2. To add value to agricultural and allied produce to fetch higher market prices.
3. To reduce dependence on middlemen and exploitation.
4. To promote collective ownership, democratic decision-making, and equitable distribution of profits.
5. To generate employment and support rural industrialisation.

Thus Processing Cooperatives are crucial in India, where agriculture is the backbone of the economy. They help reduce exploitation, empower small farmers, promote rural industries, and strengthen the co-operative movement. They are instruments of socio-economic justice, combining business efficiency with social welfare.

5.2.3. Housing Co-Operatives

A housing cooperative (or co-op) is a legal entity, often a corporation, that owns one or more residential buildings. Instead of directly owning their units, members become shareholders by buying shares in the co-op, which gives them the right to occupy a unit. Cooperatives are democratically run by their members, who share responsibility for expenses and management, fostering a sense of community and providing secure, affordable, non-profit housing.

Housing cooperative has been defined as: "A legally incorporated group of persons, generally of limited means, pursuing the same cause of meeting the common need of housing or its improvement based on mutual assistance. In such a cooperative, the membership is voluntary and control is democratic, and members make an approximately equal contribution to the capital required".

The cooperative is membership based, with membership granted by way of a share purchase in the cooperative. Each shareholder in the legal entity is granted the right to occupy one housing unit. A primary advantage of the housing cooperative is the pooling of the members' resources so that their buying power is leveraged; thus lowering the cost per member in all the services and products associated with home ownership.

The main aim of housing co-operatives is not profit-making but to ensure that members have access to secure, cost-effective, and quality housing. They purchase land in bulk, develop infrastructure such as roads, water, and electricity, and construct houses or apartments at reasonable rates. By eliminating middlemen and speculative practices, housing co-operatives reduce costs and make home ownership possible for lower- and middle-income groups.

Beyond providing shelter, housing co-operatives also play a vital role in community development. They often provide facilities such as parks, schools, and community halls to improve the standard of living of members. Moreover, they promote a sense of collective responsibility, cooperation, and social bonding among residents. In this way, housing co-operatives contribute not only to solving housing problems but also to building sustainable and cohesive communities.

5.2.3.1 Objectives of Housing Co Operatives

1. Affordable Housing

To provide members with houses, plots, or flats at reasonable and economical rates. This ensures that even lower and middle-income groups can achieve home ownership.

2. Eliminating Middlemen

To remove the role of brokers, builders, and developers who often exploit buyers. By doing so, members save money and gain houses at fair prices.

3. Collective Land Acquisition

To acquire land in bulk through collective effort. This reduces cost per member and ensures fair distribution of land or flats.

4. Infrastructure Development

To develop housing colonies with essential facilities like roads, drainage, electricity, and water supply. These amenities improve the quality of life for members.

5. Secure Tenure

To provide members with legal rights and security of ownership over their homes. This prevents disputes and ensures long-term stability.

6. Community Welfare

To build facilities such as parks, schools, playgrounds, and community halls. These promote better living standards and social bonding.

7. Democratic Management

To function on co-operative principles of equality and democracy. Each member gets an equal say in decision-making.

8. Promoting Savings

To encourage members to save systematically for housing. This ensures financial discipline and easier access to housing finance.

9. Self-Reliance

To reduce dependence on private builders or government agencies. Members work collectively to meet their housing needs.

10. Social Unity

To promote cooperation, unity, and mutual trust among residents. This creates harmonious communities and strengthens social ties.

In conclusion, the objectives of housing co-operatives go beyond merely providing shelter; they aim at ensuring affordable, secure, and quality housing while promoting social welfare and community development. By pooling resources, eliminating middlemen, and functioning on democratic principles, these co-operatives make housing accessible to lower and middle-income groups. They also focus on creating self-reliant, cohesive, and sustainable communities through the provision of essential infrastructure and shared amenities. Thus, housing co-operatives play a vital role in solving housing problems and fostering social and economic stability in society.

5.2.3.2 Types of Housing Cooperatives

Housing cooperatives at the primary level can broadly be classified into four groups as detailed below:

a. Tenant Ownership Housing Societies

Under this category the land is held either on leasehold or freehold basis by societies, and houses are owned by members.

b. Tenant Co-Partnership Housing Societies

These housing societies hold both land and building, either on leasehold or freehold basis and allot flats to their members.

c. House Mortgage Societies

Such societies lend money to their members for construction of houses. The members have to make their own arrangements for building their houses. These types of societies are really credit societies as distinguished from other credit societies as per the objects for which they lend, the duration of the loan and the security they demand.

d. House Construction or House Building Societies

Societies of this type spend money on behalf of the members for building the houses, and the houses are handed over to members when ready and the money spent is recovered as loan.

5.2.3.3 Importance of Housing Cooperatives

1. Affordable Housing:

By operating on a not-for-profit basis, housing cooperatives keep costs down, making housing accessible to more people and potentially providing stable, affordable options for future generations.

2. Community & Social Well-being

Co-ops foster a sense of community and mutual support among members, encouraging social interaction, brotherhood, and camaraderie, which can lead to improved social behavior and mental health.

3. Democratic Governance & Member Participation

Members have a say in the management of the co-op, participating in decisions from planning to day-to-day affairs through democratic processes like voting and meetings.

4. Shared Responsibility & Management

Members share the responsibility for managing and maintaining their homes and facilities, leading to more efficient operations, better upkeep, and a sense of collective ownership.

5. Security & Stability

Co-op members gain security of tenure, as long as they adhere to the co-op's rules, providing a stable and secure environment compared to rental situations.

6. Amenities & Services

Cooperatives can collectively manage and fund better amenities and facilities, making more advanced services available to members at a lower individual cost.

7. Environmental & Social Development

Co-ops can also engage in broader social and environmental initiatives, such as improving local ecology, organizing health services, and even collaborating on other community-oriented projects.

5.2.4 Housing Cooperative Federations

Housing Cooperative Federations act as national or regional bodies that promote, coordinate, and guide housing cooperative movements, offering support, data, legal assistance, and a unified voice to member co-ops and their federations. These federations facilitate information exchange, manage data banks, develop model laws, and engage internationally to advance the housing cooperative sector by addressing the unique needs of their members and representing their interests at national and international levels.

5.2.4.1 Functions of Housing Cooperative Federations

1. Promotion and Coordination

Federations lead the growth and development of housing cooperatives by setting up and coordinating the activities of various member organizations.

2. Guidance and Support

They provide essential guidance and support to housing cooperatives and state-level federations on various aspects, including finance, organization, management, and legal matters.

3. Information and Data

Federations maintain reference libraries and data banks, collecting and disseminating crucial information, statistics, and best practices on cooperative housing from both domestic and international sources.

4. Legal and Policy Advocacy

They play a role in drafting model laws for cooperative housing and advocating for favourable policies with governments, helping to create a supportive legal framework for co-ops.

5. International Representation

Federations represent the interests of their respective national housing cooperative movements at international forums, fostering international liaison and collaboration.

5.2.4.2 Housing Cooperative Federations

1. The Kerala State Co-operative Housing Federation (KSCHF)

KSCHF is the apex institution for financing housing through the Primary Housing Co- operatives (PHCs) in the State. The Federation was registered on 23.9.1970 and started work on 24.9.1970. At present there are 207 Primary Housing Cooperative Societies affiliated to it. The main objective of the Federation is to arrange the flow of funds to the affiliated primary housing co-operatives for advancing housing loan to its members at a minimum possible interest rate on easy repayment terms. The main sources of funds to the federation are share capital contribution from member societies and State Government, borrowings from LIC, HUDCO, NHB and other Commercial Banks

2. National Cooperative Housing Federation of India (NCHF)

As the apex national organization for housing cooperatives in India, NCHF was established in 1969 to promote, coordinate, and facilitate the growth of housing cooperatives across the country. Its primary objective is to promote, coordinate and facilitate the operations of member organizations and housing cooperatives to enable them to provide affordable houses to their members.In pursuance of its objectives, NCHF has achieved substantial progress in the growth and development of housing cooperatives. The Statistics-level Apex Cooperative Housing Federations (ACHFs) are members of NCHF. These ACHFs are engaged in channelizing long term housing loans from financial institutions to both the affiliated housing cooperatives as well as individuals.

The cooperative housing structure consists of primary housing cooperatives at the grass root level and Apex Cooperative Housing Federations (ACHFs) at the state level. ACHFs at the state level are affiliated to NCHF, which looks after their growth strategies, policy formulations and evolving housing programmes besides inter-facing with various institutions to channel finances for these societies for onward lending to the ultimate borrowers. In addition, NCHF also helps the ACHFs in improving their financial, organizational and technical capabilities. At present there are 26 Apex Cooperative Housing Federations (ACHFs) which are currently members of NCHF.

5.2.4.3 The organizational set-up of NCHF as per its bye-laws includes

General Body consists of 26 members which is the ultimate authority on all matters relating to activities and administration. Each member institution (except nominal members) is represented by one delegate elected/nominated to the General Body by member institution.

Board of Directors consists of 19 elected directors from member institutions, 2 Central Government nominees, one representative of LIC and the Managing Director, NCHF.

Executive Committee consists of 7 members including one representative of the Government of India and headed by the Chairman

Chairman is elected by the Board and presides over all meetings and is the spokesman of the policy of NCHF and competent to take decisions of urgent and important nature.

Managing Director is a full time employee and handles day-today affairs.

5.2.4.3 Objectives of the NCHF

1. To provide a common forum, to deal with financial, technical and practical problems of housing cooperatives and to devise methods to solve it.
2. To promote/publicise the cooperative housing movement, through the publication of news bulletins, periodicals and journals and to exchange statistics and information related to cooperative housing.
3. To coordinate and guide housing cooperatives, with respect to planning, construction, etc., of houses and to provide expert advice/services for this purpose.
4. To promote apex cooperative housing federations in states where such organisations do not exist.
5. To organise education, training and information programmes for the directors, members, employees and other personnel of housing cooperatives.
6. To organise seminars, conferences, conventions, working groups, as well as research work, relating to cooperative housing and allied matters.

5.2.5 Habicoop (French Federation of Housing Co-operatives)

Habicoop is the French Federation of Housing Cooperatives, a national organization that supports and promotes housing cooperatives and their members in France by providing resources, expertise, and advocacy. It is part of the broader international cooperative movement and upholds cooperative principles such as mutual assistance, shared expenses, and democratic control, working to meet members' common need for housing.

The federation also plays an important role in influencing housing policies and promoting cooperative housing as a viable alternative to traditional rental and ownership systems. Habicoop emphasizes values of solidarity, environmental sustainability, and participatory management, encouraging residents to take an active role in decision-making. Through its initiatives, it contributes to building inclusive communities where housing is treated not as a commodity but as a social good, ensuring long-term affordability and security for cooperative members.

5.2.5.1 Objectives of Habicoop (French Federation of Housing Co-operatives)

1. To promote and strengthen the housing cooperative movement across France.
2. To provide legal, financial, and technical support for the creation and management of housing cooperatives.
3. To ensure long-term affordability and security in housing by promoting collective ownership models.
4. To encourage participatory management where residents take an active role in decision-making.
5. To advocate for cooperative housing in national and local housing policies.
6. To develop sustainable, eco-friendly housing solutions that reduce environmental impact.
7. To support innovation in cooperative housing projects, including new models of shared living.
8. To foster solidarity, inclusiveness, and community development within housing cooperatives.
9. To create a national network for exchanging knowledge, experiences, and best practices among cooperatives.
10. To protect housing from speculative real estate markets and ensure it remains a social good.

5.2.5.2 Cooperative Housing International (CHI)

While not a national federation itself, CHI is an organization that provides resources, archives, and connections to various national members and federations, including the National Association of Housing Cooperatives in the US and Habicoop in France. Cooperative Housing International (CHI) is a global community supporting cooperative housing federations in over 70 countries. It's a sectoral organization of the International Cooperative Alliance, promoting cooperative housing as a solution for shelter. CHI aims to foster economic and social development through the cooperative housing model, bringing together various housing federations and associations worldwide.

Cooperative Housing International (CHI) is a global sectoral organization of the International Cooperative Alliance (ICA) that represents, supports, and promotes housing cooperatives worldwide. Its mission is to advance cooperative housing as a sustainable, affordable, and community-oriented solution to the global housing crisis. CHI works with national and regional cooperative housing federations, providing them with opportunities to exchange knowledge, share best practices, and strengthen cooperative housing systems across different countries. It also plays a key role in research, advocacy, and capacity-building initiatives to ensure that cooperative housing is recognized as an essential part of housing policies.

In addition, CHI advocates for the cooperative housing model as an alternative to speculative real estate, emphasizing principles of collective ownership, democratic governance, and long-term affordability. It supports the creation of inclusive and environmentally responsible housing communities that empower residents and enhance social cohesion. By fostering international collaboration and promoting cooperative values, CHI contributes to building stronger, fairer, and more resilient housing systems globally.

5.2.5.2.1 Objectives of Cooperative Housing International (CHI)

1. To promote and strengthen the cooperative housing movement globally.
2. To provide a platform for sharing knowledge, experiences, and best practices among housing cooperatives worldwide.
3. To advocate for cooperative housing in international, regional, and national housing policies.
4. To support the development of affordable, secure, and community-based housing solutions.
5. To encourage democratic governance and active participation of residents in housing management.
6. To promote cooperative housing as an alternative to speculative real estate markets.
7. To advance environmentally sustainable and socially inclusive housing models.
8. To build capacity through training, research, and technical assistance for cooperative housing federations.
9. To strengthen global solidarity and collaboration among cooperative housing organizations.
10. To ensure housing is recognized and protected as a social good and human right.

Housing Cooperative Federations play a crucial role in strengthening the cooperative housing movement by uniting primary societies, providing them with financial, technical, and managerial support, and representing their collective interests at regional and national levels. They not only ensure the efficient pooling of resources and expertise but also promote standardization, transparency, and accountability in housing projects. By empowering member cooperatives, addressing common challenges, and advocating supportive policies, these federations contribute significantly to affordable, secure, and sustainable housing solutions. In essence, Housing Cooperative Federations act as the backbone of the cooperative housing sector, fostering solidarity, efficiency, and long-term growth.

5.2.6 Consumer Co-operatives and their Federations

Consumer co-operatives are member-owned and democratically-controlled organizations where consumers unite voluntarily to meet their common economic, social, and cultural needs. These enterprises operate on the Co-operative Principles to provide goods and services to their members at favourable terms, acting as a form of mutual aid focused on service rather than profit. They serve as an important part of the local economic and social fabric by providing a distribution network for consumer goods, ensuring quality standards, and sometimes engaging in production and processing to better serve members' interests.

Consumer co-operatives are voluntary associations of consumers who come together to protect their common economic interests, especially against exploitation by middlemen and private traders. These co-operatives purchase goods in bulk directly from producers or wholesalers and sell them to members and non-members at fair and reasonable prices. Their primary aim is to ensure the availability of essential commodities at affordable rates while maintaining quality and eliminating unfair trade practices.

The main functions of consumer co-operatives include bulk purchasing, fair distribution, and the supply of consumer goods such as food items, clothing, and household necessities. By operating on the principle of "no profit, no loss," they are able to pass benefits to their members in the form of lower prices and sometimes dividends. They also help stabilize market prices, prevent hoarding and black-marketing, and promote savings among members. In many cases, these societies also provide credit facilities to their members, strengthening their economic position.

Consumer co-operatives play a vital role in promoting social welfare and economic justice. They are especially significant in rural and semi-urban areas where exploitation by private traders is more common. By working democratically and transparently, they instill cooperative values like self-help, equality, and mutual benefit among their members. In conclusion, consumer co-operatives not only protect consumers from exploitation but also contribute to building a fair and equitable market system, making them an essential part of the cooperative movement.

5.2.6.1 Objectives of Consumer Cooperatives

1. To educate the consumers and keep their needs within the income limits.
2. To improve the standard of living of consumers
3. To inculcate the habit of savings among the consumers.
4. To stabilize the market rates.
5. To supply the goods and services at reasonable prices.
6. To protect consumers from trade malpractices such as black marketing, hoarding etc.
7. To control the profit making tendency.

5.2.6.2 Organizational Structure of Consumer Cooperatives

The consumer co-operative structure in the country has four tiers.

1. The NCCF at the national level oversees State Cooperative Consumers Organisationsaffiliated to it.
2. At the Wholesale level, there are Consumer Co-operative Stores which further source the Primary level stores.
3. In the villages, Primary Agricultural Credit Societies and Marketing Societies undertake the distribution of consumer goods along with their normal business.
4. While in urban and semi-urban areas, consumer cooperative societies operate retail outlets to meet the requirements of the consumers.

5.2.6.3 Characteristics of Consumer Cooperatives

1. **Voluntary Association :** Consumer co-operatives are formed voluntarily by consumers who come together to safeguard their economic interests. Any consumer who is willing to follow the rules of the society can become a member without any social, religious, or economic discrimination.
2. **Democratic Control** : These societies function on the principle of democracy, where each member has an equal right to participate in decision-making. Regardless of the number of shares owned, every member gets only one vote, ensuring equality and fairness in management.
3. **Supply of Goods at fair Prices :** The main objective of consumer co-operatives is to provide essential goods of good quality to their members at reasonable prices. By purchasing in bulk and eliminating middlemen, they protect consumers from exploitation and market fluctuations.
4. **No Profit, No Loss Principle :** Consumer co-operatives are not driven by the motive of maximizing profit. They work on a "no profit, no loss" basis, and any surplus earned is either reinvested for the growth of the society or distributed among members as dividends.
5. **Open Membership:** Membership in consumer co-operatives is open to all sections of society without restrictions of caste, creed, gender, or economic status. This inclusive nature promotes unity, cooperation, and collective welfare among consumers.

5.2.6.4 Significance of Consumer Co-operatives

1. **Protection from Exploitation:** Consumer co-operatives safeguard their members from the unfair practices of middlemen, hoarding, and black-marketing. By procuring goods directly from producers or wholesalers, they eliminate intermediaries and ensure that consumers get quality products at fair prices.
2. **Availability of essential commodities** One of the major significances of

consumer co-operatives is ensuring the steady supply of essential goods such as food grains, clothing, and household items. They play an important role in making basic commodities easily accessible, especially in rural and semi-urban areas.

3. **Promotion Of fair Prices** Consumer co-operatives sell goods on a “no profit, no loss” basis, which helps stabilize market prices. This prevents artificial price hikes and ensures affordability for the general public, benefiting not only members but also the community at large.
4. **Encouragement of savings** By offering goods at reasonable rates and sometimes providing credit facilities, consumer co-operatives help members save money. They also distribute surplus earnings as dividends, which further strengthens the financial position of consumers.
5. **Social and Economic Justice** These co-operatives operate on democratic principles, giving every member an equal voice in decision-making. By promoting equality and mutual benefit, they foster a sense of social justice and contribute to building a fairer economic system.
6. **Contribution to the Cooperative Movement** Consumer co-operatives are an integral part of the broader cooperative movement, promoting values like self-help, mutual trust, and collective responsibility. They not only empower consumers but also spread awareness about the benefits of cooperative living in society.

5.2.6.5 Benefits of Consumer Co-operatives

1. Consumer co-operatives provide essential goods and services at fair prices by eliminating middlemen.
2. They ensure better quality products for members and the community.
3. Members of consumer co-operatives enjoy shared ownership and democratic decision-making.
4. They help in protecting consumers from exploitation by private traders.
5. Profits earned are distributed among members as dividends or used for community welfare.
6. Consumer co-operatives create employment opportunities for local people.
7. They encourage the habit of savings and promote economic self-reliance.
8. Consumer co-operatives strengthen community bonds by working on the principle of mutual help.

5.2.6.6 Problems Faced by Consumer Co-operatives in India

1. Consumers in India are indifferent to their own needs and still believe in the private trade system.
2. Consumer co-operatives are not well integrated and are scattered isolated.
3. The procurement and purchase operations are technically faulty.
4. They also face problems of low efficiency and low level of quality of products.

5. There is also intense competition from private traders who create various problems for the consumer movement.

5.2.7 Consumer Co-operatives Federations

A "Consumer Cooperative Federation" is an umbrella organization that supports and coordinates consumer cooperatives within a region or country. In India, the National Cooperative Consumers' Federation (NCCF) is the national apex body, and state-level federations like Consumerfed in Kerala serve the same function at the state level. These federations help to promote consumer cooperatives, facilitate the procurement and distribution of goods, and protect consumers from exploitation by ensuring affordable pricing and quality products.

Consumer Co-operative Federations are apex organizations formed by a group of primary consumer co-operative societies to coordinate, support, and strengthen their activities. They function at district, state, or national levels, depending on their scope, and provide a unified structure for smaller societies to work collectively.

The following are the Consumer Co Operative Federations

1. National Consumer Co-operative Federation [NCCF]

The National Cooperative Consumers' Federation of India Limited (NCCF) is the apex federation of the consumer cooperatives in the country. NCCF was set up on 16 October,1965 is administered under the Multi State Cooperative Societies Act 2002. The present membership of the NCCF is 136 comprising of Primary Co-op. Stores, Wholesale Societies, and State level Consumer Cooperative Federations, National Cooperative Development Corporation and the Government of India. The commercial operations of the NCCF are handled through its headquarters at New Delhi and 34 branches/ subbranches located in the State Capitals and other important procuring centers in different parts of the country. NCCF also run a dal processing unit at Bhiwani . It also runs two retail counters at Dak Tar Bhawan, Parliament Street, New Delhi and at Nehru Place, New Delhi.

Its objective is to procure consumer goods in bulk at the national level, ensure their timely distribution to state and district federations, and maintain fair prices for consumers. It also aims to protect consumer interests, promote fair trade practices, and support member co-operatives with financial and technical services. Its objectives are:

1. To procure essential goods in bulk directly from producers at the national level,
2. To distribute them fairly to state and district federations,
3. To stabilize market prices and prevent black-marketing or hoarding,
4. To promote consumer welfare by ensuring quality and affordable goods,
5. To provide financial, technical, and managerial assistance to affiliated co-operatives, and
6. To represent consumer co-operatives at the central government level for favourable policies and support.

2. State Consumer Co-operative Federation

Each state has its own Consumer Co-operative Federation that coordinates the activities of primary societies and ensures smooth supply of essential goods within the state. Their main objectives are to act as wholesalers for affiliated co-operatives, stabilize prices, supply quality goods to consumers, and provide training, guidance, and financial support to member societies.

State-level federations operate within individual states to support primary and district co-operatives. Their objectives include:

1. To function as wholesale suppliers for primary societies across the state,
2. To ensure regular availability of goods at fair prices,
3. To provide training and guidance to local co-operatives,
4. To arrange financial assistance and credit facilities,
5. To maintain quality standards in consumer goods supplied, and
6. To coordinate with the national federation for bulk procurement and policy implementation.

3. District Consumer Co-operative Federations

District-level federations operate as intermediaries between state federations and primary societies. Their objectives are to strengthen consumer co-operatives in the district by arranging bulk purchases, providing storage facilities, and supplying goods at controlled prices. They also assist in marketing local products and serve as a link for communication and coordination among member societies.

District federations act as intermediaries between state federations and local primary societies. Their objectives are:

1. To purchase goods in bulk from state federations or manufacturers,
2. To ensure timely distribution to primary co-operative outlets,
3. To provide storage, warehousing, and transport facilities,
4. To encourage fair trade practices and prevent consumer exploitation,
5. To promote local produce and assist in its marketing, and
6. To act as a communication link between primary societies and higher federations.

4. Primary Consumer Co-operative Societies

At the grassroots level, primary consumer co-operative societies directly serve members and the local community by running retail outlets. Their objectives are to provide daily necessities and essential goods at reasonable prices, ensure good quality products, and protect consumers from exploitation by private traders. They also focus on promoting savings and generating local employment opportunities.

Primary consumer co-operative societies work directly at the community level by running retail outlets. Their objectives are:

1. To supply daily necessities and essential goods at reasonable prices,
2. To ensure quality and authenticity of products for consumers,

3. To protect members from exploitation by private traders,
4. To encourage savings and financial discipline among members,
5. To generate employment opportunities for local people, and
6. To promote the principle of mutual help and democratic functioning at the grassroots level.

5. International Consumer Co-operative Federations

At the global level, bodies like the International Co-operative Alliance (ICA) promote consumer co-operatives worldwide. Their objectives include encouraging international co-operative trade, sharing best practices, advocating for consumer rights globally, and strengthening solidarity among consumer co-operatives across countries.

Global organizations such as the International Co-operative Alliance (ICA) act as international federations of consumer co-operatives. Their objectives are:

1. To promote co-operative principles and values across countries,
2. To encourage co-operative trade and collaboration globally,
3. To share knowledge, experiences, and best practices among nations,
4. To represent co-operatives at international forums and safeguard consumer rights,
5. To strengthen solidarity and networking between co-operatives worldwide, and
6. To support sustainable development and fair trade practices through co-operatives.

Consumer Co-operative Federations play a vital role in strengthening the co-operative movement by linking primary societies with state, national, and even international levels. They ensure the smooth supply of goods, stabilize prices, and protect consumers from exploitation while also providing financial, technical, and managerial support to affiliated co-operatives. By coordinating efforts at different levels, these federations not only safeguard consumer interests but also promote fair trade, economic stability, and social welfare. Thus, they act as pillars of the consumer co-operative system, ensuring efficiency, unity, and sustainability in serving the community.

5.2.8 Hospital Co-operatives

Hospital co-operatives are those cooperatives which aim to provide and promote healthcare to community to through a network of hospital. Hospital Co-operatives are specialized cooperative institutions established to provide affordable and quality healthcare services to their members and the general public. They are formed on the principles of mutual help, democratic management, and collective welfare, ensuring that medical care is accessible to all, especially in underserved areas. These co-operatives pool resources from members, government support, and cooperative credit institutions to establish and operate hospitals, clinics, diagnostic centers, and other health facilities. They focus not only on treatment but also on preventive care, health education, and community wellness programs. Hospital Co-operatives often benefit from technical guidance, staff training, and procurement support from apex organizations like the

Kerala Cooperative Hospital Federation (Hospital Fed), which helps maintain service standards and efficiency. By reducing dependency on private healthcare providers, these co-operatives ensure cost-effective treatment, equitable service distribution, and financial sustainability. They play a vital role in improving public health infrastructure, generating employment for medical and administrative personnel, and promoting the overall socio-economic development of the community. Through collaboration, transparency, and cooperative principles, Hospital Co-operatives strengthen the healthcare delivery system while empowering communities to actively participate in managing their health needs.

5.2.8.1 Kerala cooperative hospital Federation (hospital fed)

The Kerala Cooperative Hospital Federation, commonly known as Hospital Fed, is an apex cooperative organization in Kerala that coordinates and supports cooperative hospitals and healthcare institutions across the state. Its primary objective is to provide affordable, high-quality medical care to the public while promoting the cooperative principle of collective welfare. Hospital Fed assists member hospitals with technical guidance, training of medical and administrative staff, procurement of medicines and equipment, and adoption of modern healthcare practices. It also plays a crucial role in standardizing hospital services, improving management efficiency, and facilitating financial support through cooperative credit institutions. By linking cooperative hospitals and promoting collaboration, Hospital Fed strengthens healthcare accessibility, ensures cost-effective treatment, and contributes to the overall social and economic well-being of the community.

It was established in 1999 and the head quarter is in Cochin. The main objectives of hospital cooperatives are;

1. To promote healthcare to community through a network of hospitals.
2. Provide employment opportunities
3. Medical aid to the members at reasonable cost

Recap

- ◊ **Specific Purpose Societies** :Formed to serve a particular objective such as agriculture, processing, housing, or consumer needs, focusing on member benefits.
- ◊ **Processing Co-operatives** :Handle post-production activities like processing, grading, packaging, and marketing of agricultural and industrial products to add value and increase income.
- ◊ **Need for Processing Co-operatives** :Helps farmers and producers avoid exploitation by middlemen, improves product quality, and ensures fair returns.
- ◊ **Importance of Processing Co-operatives** :Enhances rural employment,

promotes entrepreneurship, and strengthens local economies through value addition.

◊ **Housing Co-operatives** : Organized to provide affordable housing facilities to members by pooling resources and mobilizing funds collectively.

◊ **Need for Housing Co-operatives** : Addresses the shortage of housing, reduces financial burden on individuals, and ensures better living conditions.

◊ **Housing Co-operative Federations** : Apex bodies that coordinate, supervise, and support housing

◊ **Consumer Co-operatives** : Formed to supply essential goods and services to members at reasonable prices, protecting them from market price fluctuations and exploitation.

◊ **Consumer Co-operative Federations** : Serve as apex institutions for coordination, wholesale supply, policy guidance, and financial assistance to primary consumer societies.

Objective Questions

1. For what purpose Processing Co-operatives are mainly established ?
2. Mention the the main need for Processing Co-operatives ?
3. Why housing Co-operatives are formed primarily ?
4. What is the main objective of Housing Co-operatives ?
5. For what purpose Consumer Co-operatives are established ?
6. What is the overall role of Specific Purpose Societies ?
7. What is the key importance of Consumer Co-operatives ?
8. Which is an importance of Processing Co-operatives?

Answers

1. Add value to raw produce
2. Eliminate middlemen
3. Provide affordable housing to members
4. Provide low-cost and quality houses
5. Supply essential goods at fair prices
6. Address targeted needs of members like housing, processing, or consumer goods
7. Prevents exploitation of consumers by traders
8. Ensures value addition to agricultural products

Self-Assessment Questions

1. What are Specific Purpose Societies?
2. Define Processing Co-operatives.
3. State two needs for establishing Processing Co-operatives.
4. Mention two importance of Processing Co-operatives.
5. What are Housing Co-operatives?
6. Name the national-level federation of Housing Co-operatives in India.
7. State two objectives of Housing Co-operatives.
8. What are Consumer Co-operatives?
9. Name the apex body of Consumer Co-operatives in India.
10. State two advantages of Consumer Co-operatives.

Assignments

1. Explain the meaning, nature, and objectives of Specific Purpose Societies with suitable examples.
2. Discuss the need for Processing Co-operatives in India. How do they help farmers and rural communities?
3. Examine the importance of Processing Co-operatives in value addition and rural development.
4. Describe the structure, functions, and objectives of Housing Co-operatives.
5. Explain the role of Housing Co-operatives in providing affordable housing and improving living standards.
6. Define Consumer Co-operatives. Explain their role in protecting consumers against exploitation.
7. Discuss the objectives, structure, and activities of the National Cooperative Consumers' Federation of India (NCCF).
8. Evaluate the importance of Consumer Co-operatives in ensuring the supply of essential goods at fair prices.
9. "Specific Purpose Societies play a vital role in meeting targeted social and economic needs." Discuss this statement with reference to Processing, Housing, and Consumer Co-operatives.
10. Write an essay on the functions and significance of the National Cooperative Housing Federation of India (NCHF).

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Suggested Reading

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2. **Ramkishan** – *Management of Co-operatives*
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Unit 3
Industrial Co-operatives and workers co-operatives

Learning Outcomes

- After completing this unit, the learner will be able to;
- comprehend the meaning and principles of industrial and workers' co-operatives.
- explain the structure, management, and working of these co-operatives.
- identify the role of co-operatives in industrial and economic development.
- recognize the importance of workers' participation in management.
- comprehend the social and economic benefits to workers and society.
- analyze the problems, challenges, and future prospects of these co-operatives.

Prerequisite

Industrial co-operatives and workers' co-operatives have evolved over time as a response to the challenges of industrialization, exploitation of labour, and unequal distribution of income. The modern co-operative movement is generally traced back to **1844,** when the **Rochdale Pioneers in England** laid down the basic principles of co-operation, which later influenced the growth of industrial and workers' co-operatives across the world. During the late **19th century**, workers' co-operatives emerged in Europe as a means for workers to collectively own and manage production units, ensuring job security and fair wages. In India, the co-operative movement gained formal recognition with the enactment of the **Co-operative Credit Societies Act, 1904,** followed by the **Co-operative Societies Act, 1912**, which provided a legal framework for various types of co-operatives, including industrial co-operatives. After Independence in **1947**, the importance of industrial and workers' co-operatives increased significantly, especially during the **Five-Year Plans starting from 1951,** as the government promoted them to support small-scale industries, generate employment, and encourage self-reliance among workers and artisans. Over the decades, these co-operatives have played a vital role in promoting democratic management, workers' participation, and inclusive industrial growth while contributing to social justice and balanced economic development.

Keywords

Handlooms, Powerlooms. Coir, Handicrafts, Workers Co operatives

Discussion

5.3.1 Industrial Co-operative Societies

An industrial cooperative is an association of workers & craftsmen involved in cottage or village industries, which come to gather to undertake collective production, processing & marketing of goods manufactured by the members & provide them with the necessary services & assistance.

It can be defined as 'A cooperative organized by workers, controlled by worker & managed by workers for meeting their common purpose'. Thus, the prime objective of an industrial cooperativeis to benefit the workers socially and economically.

5.3.1.1 Aims and Objectives of INDUSTRIAL CO-OPERATIVE SOCIETIES

In 1904 the British Government passed the Co-operative Credit Societies Act.The objective of this Act is,

1. To encourage thrift, self-help and co-operation amongst persons of limited means and increase their productive capacity and financial resources
2. To grant advances if needed by member workers against the securities of raw materials and finished products. Funds for industrial co-operative societies are available from co- operativebanks and private entrepreneurs. Government provides subsidies, grants-in-aid and loans for the purchase of machinery, equipment, raw materials etc.
3. To develop self-reliance, co-operation and self-respect among the members.
4. To purchase and supply raw materials, tools and equipments needed by workers.

5. To obtain contacts from the govt. and other organizations.
6. To purchase machinery and other equipments required by members and to hire them to the members for quality production.
7. To construct take-on rent godowns for finished products and raw materials.
8. To undertake all such activities needed for the welfare and well-being of the member and the society.

Industrial Co-operative Federations

Industrial Co-operative Federations are apex organizations that bring together various industrial co-operatives under a common umbrella to promote, support, and coordinate their activities. These federations aim to strengthen small-scale and cottage industries by providing assistance in production, marketing, procurement of raw materials, and access to financial resources. They also help in skill development, technology transfer, and quality improvement through training programs and workshops. By acting as an intermediary between the government and individual co-operatives, they ensure proper implementation of policies, schemes, and subsidies. The federations play a key role in representing the interests of member co-operatives, enhancing their competitiveness, and fostering collective growth while adhering to co-operative principles of mutual help and shared development.

9. **Kerala State Co-operative Federation for Small Scale Industries (KSSCF):** KSSCF is the apex body coordinating small-scale and cottage industrial co-operatives in Kerala. It supports member co-operatives by providing raw materials, marketing assistance, financial aid, and training programs. The federation also helps implement government schemes and promotes skill development, quality improvement, and collective growth in the small industrial sector of Kerala.
10. **Karnataka State Co-operative Federation for Small Industries (KSSFI):** KSSFI acts as a central organization for industrial co-operatives in Karnataka. It assists co-operatives in procurement of raw materials, marketing of finished goods, and access to credit and subsidies. The federation also conducts workshops and training to improve productivity and technology adoption, ensuring the sustainability and competitiveness of small industries in the state.
11. **Tamil Nadu State Industrial Co-operative Federation (TNSICF):** TNSICF coordinates and supports small-scale industrial co-operatives across Tamil Nadu. It provides marketing support, facilitates government assistance, and organizes skill development programs for artisans and workers. By promoting technological upgrades, product diversification, and collective action, the federation strengthens the industrial co-operative sector and enhances employment opportunities in the state.
12. **Maharashtra State Co-operative Federation for Small Industries (MSCFI):** MSCFI is an apex organization for industrial co-operatives in Maharashtra, helping them with raw material supply, marketing, and financial support. The federation promotes training, quality control, and adoption of modern techniques to improve production efficiency. It also ensures implementation of government

schemes and fosters collaboration among co-operatives to boost small-scale industrial development.

13. **West Bengal Small Scale Industrial Co-operative Federation:** This federation coordinates small-scale industrial co-operatives in West Bengal, focusing on marketing, procurement of raw materials, and access to financial aid. It organizes skill development programs, encourages innovation, and provides technical support to improve product quality. By promoting collective growth and industrial development, the federation strengthens employment and entrepreneurship in the state's small-scale sector.

5.3.2 WEAVER'S CO-OPERATIVES

Weaver's Co-operatives are organizations formed to support and promote the interests of handloom weavers by collectively managing production, marketing, and financial activities. These co-operatives aim to improve the economic and social well-being of weavers by providing access to raw materials, modern tools, design training, credit facilities, and fair pricing for their products. By pooling resources and efforts, they help reduce exploitation by middlemen, ensure steady employment, and enhance the quality and competitiveness of handloom products in local and global markets. Additionally, they often engage in skill development, innovation, and preservation of traditional weaving techniques, thereby sustaining the cultural heritage while fostering economic empowerment among weaver communities.

The main thrust of Handloom Weavers' Cooperative Societies is to promote the working of handloom industry as well as economic conditions of the weavers by providing infrastructural support.

5.3.2.1 Objectives of Weave's Co-operatives:

1. To safeguard the interests of the weavers from the exploitation of and clutches of the middlemen;
2. To supply of raw materials, equipments and other facilities to the members according to their capability of production;
3. To provide finance for promoting industrial activities of the members;
4. To provide technical assistance for raising and maintaining quality in texture, dyeing and production of standard goods;
5. To provide training in new and sophisticated designs which have high demand; and
6. To dispose reasonable wages regularly to the weaving members to enable them to continue in the weaving profession thereby improving their standard of living as well as improving the handloom production.

5.3.3 HANTEX

The Kerala State Handloom Weavers Co Operative Society Ltd. "Hantex" was formed in the beginning of 1961 for the Weavers in the Co-Operative Sector of Kerala. Hantex comprises of 440 production centers situated across the length and breadth of the state. Lakhs of weavers who can create any type of intricate designs with their magical craft and are capable of meeting present day global standards, are the members of Hantex. It has a large marketing network of 150 showroom located at almost allimportant places in the state with an annual turnover of around Rs.300 millions. It has a fully computerized Design Department capable of evolving and creating sophisticated intricate design-be it for weaving of printing for domestic or international market. Hantex has the most modern infrastructure to produce handcrafted fabrics, garments, furnishing, made-ups, sarees, traditional wears etc. strictly in tune and harmony with global eco friendly norms.

HANTEX holds significant importance in Kerala's handloom sector as it provides comprehensive support to weavers, ensuring their economic stability and social upliftment. By offering access to raw materials, financial assistance, and credit facilities, it enables continuous production and reduces dependence on middlemen. Its marketing initiatives and retail outlets help weavers reach broader markets, ensuring fair prices and steady income. Additionally, HANTEX promotes skill development, modern designs, and innovation while preserving traditional weaving techniques, thereby sustaining cultural heritage. Overall, the corporation strengthens the handloom industry, empowers weaver communities, and contributes to both employment generation and the promotion of Kerala's rich textile traditions.

5.3.3.1 Functions of HANTEX

1. Marketing handloom products locally and nationally.
2. Supplying raw materials like yarns and dyes to weavers.
3. Providing financial assistance, credit, and subsidies to weavers.
4. Organizing training and design development programs.
5. Preserving traditional Kerala weaving techniques.
6. Operating retail outlets and showrooms for direct sales.

5.3.3.2 Importance of HANTEX

1. Provides steady **income and employment** opportunities for handloom weavers.
2. Ensures **availability of raw materials** like yarns and dyes at reasonable prices.
3. Offers **financial assistance, credit, and subsidies** to support weavers' production.
4. Helps **market handloom products** locally, nationally, and sometimes internationally.
5. Promotes **skill development and modern designs** through training programs.
6. Preserves **traditional Kerala weaving techniques** and cultural heritage.

7. Reduces **dependence on middlemen**, ensuring fair prices for weavers.
8. Operates **retail outlets and showrooms**, increasing product visibility.
9. Encourages **innovation and quality improvement** in handloom products.
10. Contributes to the **socio-economic development** of the weaver community.

5.3.3.3 Limitations of Hantex

1. Limited market reach beyond Kerala, restricting sales potential.
2. Heavy dependence on government subsidies and support.
3. Low profit margins for weavers due to operational costs and middlemen.
4. Slow adoption of modern technology and e-commerce platforms.
5. Inadequate branding and promotion of handloom products.
6. Bureaucratic delays affecting supply of raw materials and payments.
7. Limited capacity to scale production to meet high demand.
8. Insufficient research and innovation in new designs and techniques.
9. Competition from powerloom and synthetic textiles affecting market share.
10. Lack of awareness among consumers about authentic HANTEX products.

5.3.4 COIR-CO-OPERATIVES

COIR industry is an important agro-based employment-oriented traditional cottage industry in India. Kerala is the largest producer of coir and coir products in India. Coir Board (Cochin) is the

pioneer government agency in the coir sector established for the overall development of the industry in the country. The state level government agencies working in the coir sector are the Directorate of Coir Development (Thiruvananthapuram), the Kerala State Coir Corporation (Alappuzha) and the Kerala State Co-operative Coir Marketing Federation (Alappu/.ha). All these government agencies gave attention to the development of the industry through the organised sector, viz, co-operative sector. There are also Private, Public, Government undertakings and

unorganized manufacturing units. In every Five-Year Plan, there are various schemes for coir development in the cooperative sector through these agencies. The government agencies undertake a number of schemes for the development of coir industry in the cooperative sector. However, the private sector has a dominant place in the industry and is working without any sort of assistance from these agencies. The industry provides direct employment to more than 3.5 lakhs workers, majority of whom are female. It is mainly concentrated in coastal districts of the State.

5.3.4.1 Objectives of Coir Co-operatives

1. **Promote Coir Industry:** To develop and expand the coir industry, especially in Kerala, ensuring sustainable growth.

2. **Provide Employment:**To create stable employment opportunities for coir workers and artisans.
3. **Ensure Fair Wages:** To protect the economic interests of coir workers by ensuring fair wages and reducing exploitation by middlemen.
4. **Supply Raw Materials:** To provide coir raw materials like coconut husks, fibers, and ropes at reasonable prices.
5. **Market Coir Products:** To market coir products locally, nationally, and internationally, enhancing sales and profitability.
6. **Skill Development & Training:** To train workers in modern techniques, quality improvement, and product diversification.
7. **Financial Assistance:** To provide loans, subsidies, and other financial support to coir workers and co-operatives.
8. **Promote Innovation:** To encourage the development of new coir products and designs to meet market demand.
9. **Protect Workers' Welfare:** To ensure social security, welfare schemes, and better working conditions for coir workers.
10. **Preserve Traditional Methods:** To maintain and promote traditional coir-making techniques while integrating modern practices.

5.3.5 Kerala State Co-Operative Coir Marketing Federation (COIRFED)

The Kerala State Co-operative Coir Marketing Federation (Coirfed), the Apex Federation of Co- operative Societies engaged in the manufacture of coir and coir products is entrusted with the task of marketing the product of the Co-operative Societies. It provides sustenance to workers especially women. Coirfed and its member societies provide higher employment, better wages and better living conditions to the coir workers by eliminating middlemen. At present 628 coir primaries are affiliated to Coirfed. Coirfed has set up an array of 47 showrooms and more than 100 retail outlets to sell the materials produced by the member societies. The procurement of the produce of the member societies is done through four regional offices and one central store. Coirfed has set up a number of factories for the manufacture of coir products. Coirfed is making efforts to sell the materials to serve a noble cause of providing employment to around 4 lakh coir workers. Most of these workers are women. It is estimated that around 20 Lakhs people are indirectly supported by this industry. The product range of Coirfed include Coir fiber, Coir pith fungus, Coir pith soil conditioner, 80 odd varieties of coir yarn, coir geotextiles, alluring range of coir products like mats, mattings, rugs, coir tiles and Rubberised coir products like Mattress, Pillows, PVC tufted mats, Pith Briquettes, Garden materials like Pots, Climbers etc. The products of Coirfed are marketed under the brands Cocofert, Cocoplus, Cocogeo fabric, Dustout and Deep sleep Coirfed is facing stiff competition from the other natural fibres and synthetic materials. At present Coirfed is making efforts to expand the reach of eco friendly and biodegradable Coir products through the help and assistance of all good citizens with care for nature and mankind. Coirfed is instrumental in implementing the novel schemes of Govt. of Kerala like Distress purchase scheme, Fibre subsidy scheme, Price fluctuation fund, Purchase price stabilization scheme etc. Rs.2100 lakh Income support scheme and 145 lakhs SGSY scheme in coir industry.

Coirfed play a key role in empowering workers, they face growing competition from synthetic fibers and global suppliers. However, their commitment to eco-friendly practices gives them a competitive edge .

There are different categories of Coir Cooperative Societies in Kerala. They are:

1. Primary Coir Co-operative Societies
2. Manufacturing Societies
3. Small scale Producers Co-operative Societies
4. Husk Procurement and Distribution Societies
5. Fibre Societies (Defibring Mill Societies)
6. Co-operative Coir Marketing Federation.

The major constituents in the coir sector are Co-operatives, Private, Public, Government undertakings and unorganized manufacturing units. But, over a period of time, the coir sector has not grown appreciably and has remained almost stagnant. In order to ascertain the causes for the present unsatisfactory situation, Coir Board decided to conduct a Status Study of the industry, which will identify the problems of the various segments of the industry and arrive at likely solutions so that necessary policy measures can be initiated and further promotional and other schemes intended to mitigate the current problems in the industry can be launched.

5.3.5.1 Objectives of COIRFED

1. Promote the coir industry in Kerala.
2. Ensure fair wages for coir workers.
3. Provide employment opportunities for coir artisans.
4. Supply raw materials like coir fibers and husks.
5. Expand local, national, and international markets for coir products.
6. Improve skills of coir workers through training programs.
7. Encourage innovation in coir products and designs.
8. Support welfare and better working conditions for coir workers.

5.3.5.2 Functions OF COIRFED

1. Procure and distribute raw materials to coir units.
2. Market and sell coir products through retail and export channels.
3. Provide financial assistance, loans, and subsidies to coir co-operatives.
4. Conduct training and technical support for workers.
5. Coordinate activities of coir co-operatives across Kerala.

6. Promote exports of coir products to foreign markets.
7. Preserve traditional coir-making methods while adopting modern technology.
8. Maintain quality control to ensure competitive products.

5.3.5.3 Challenges and limitations of Coirfed

1. **Competition from Synthetic Products:** Coir products face stiff competition from cheaper and mass-produced synthetic alternatives, reducing demand. This affects the income of traditional coir workers and limits market growth.
2. **Low Profit Margins:** High operational costs and involvement of middlemen reduce the earnings of coir workers. As a result, many artisans struggle to sustain their livelihood.
3. **Limited Market Reach:** Coirfed products have limited visibility in national and international markets. This restricts sales and reduces opportunities for expansion.
4. **Dependence on Government Support :** Heavy reliance on subsidies and financial aid affects the long-term sustainability of Coirfed. It makes the organization vulnerable to policy changes.
5. **Slow Technological Adoption:** Limited use of modern machinery and digital marketing slows productivity and outreach. This affects competitiveness in a fast-changing market.
6. **Fluctuating Raw Material Supply:** Irregular availability of coconut husks and coir fibers disrupts production schedules. This causes delays and increases production costs.
7. **Inadequate Branding and Promotion:** Lack of strong branding reduces consumer awareness of authentic coir products. This makes it difficult to compete with powerloom and synthetic products.
8. **Skill Gap:** Many coir workers lack training in modern techniques and innovative designs. This limits product quality, variety, and market appeal.
9. **Operational Inefficiencies:** Bureaucratic delays and management challenges hinder timely supply of materials and payments. This affects worker motivation and productivity.
10. **Limited Product Diversification:** Heavy reliance on traditional coir products limits market opportunities. There is a need to innovate and create new products for wider appeal.
11. **Worker Welfare Issues:** Some coir workers still face poor working conditions and low social security benefits. This affects their health, morale, and long-term stability.
12. **Export Challenges:** Accessing international markets is difficult due to competition and compliance requirements. This restricts Coirfed's potential for foreign revenue generation.

5.3.6 Handloom

Handloom weaving is a traditional method where fabrics are woven manually using a loom operated by hand. This technique has been passed down through generations and is characterized by its intricate craftsmanship and attention to detail. Each piece produced on a handloom is unique, reflecting the skill and creativity of the artisan.

The handloom sector is one of the oldest and most significant traditional industries in India, known for its rich heritage, craftsmanship, and cultural value. It involves weaving cloth manually on looms without the use of electricity, producing unique fabrics that reflect the artistic skills of weavers. Handloom products are eco-friendly, durable, and often carry intricate designs that represent the cultural identity of different regions. The sector also provides employment to millions of rural families, particularly women, thereby supporting livelihoods and preserving traditional knowledge.

In Kerala, the handloom industry holds a special place due to its historical roots and distinctive weaving traditions such as Kasavu sarees and Set Mundu. Despite competition from power looms and modern textile industries, handloom continues to survive through cooperative societies and government support. It not only contributes to the economy but also promotes sustainable fashion and cultural pride. Thus, handloom remains a symbol of India's rich heritage, blending tradition with economic importance.

5.3.6.1 Features of handlooms

1. **Manual Operation:** Handlooms are operated manually by weavers without the use of electricity or machines.
2. **Traditional Craftsmanship:** They preserve age-old weaving techniques and traditional designs.
3. **Labour-Intensive** – Production requires skilled labor and significant manual effort.
4. **Limited Production Capacity:** Handlooms produce smaller quantities compared to powerlooms.
5. **Customization & Flexibility:** Weavers can create unique designs and patterns as per demand.
6. **Eco-Friendly Production:** Handloom weaving consumes less energy and uses natural fibers.
7. **Cultural & Regional Identity:** Handloom products often reflect local traditions and heritage.
8. **Direct Employment:**Provides livelihood to a large number of artisans and rural workers.
9. **Durable & High-Quality Products:**Handloom fabrics are generally stronger and of superior quality.
10. **Slower Production Process:** Compared to mechanized weaving, handlooms take more time to produce textiles.

5.3.6.2 Advantages of handlooms

1. **Employment Generation:** Provides direct livelihood to weavers and rural artisans.
2. **Preservation of Tradition:** Maintains traditional weaving techniques and cultural heritage.
3. **Eco-Friendly Production:** Uses less energy and natural fibers, reducing environmental impact.
4. **High-Quality Fabrics:** Produces durable, strong, and fine-quality textiles.
5. **Customization:** Allows creation of unique patterns, designs, and sizes as per demand.
6. **Flexibility in Production:** Weavers can easily adapt designs to market trends.
7. **Promotes Rural Economy :** Supports small-scale industries and local economies.
8. **Encourages Skill Development:** Enhances craftsmanship and expertise among artisans.
9. **Low Capital Investment:** Requires minimal machinery and infrastructure.
10. **Supports Sustainable Industry:** Promotes small-scale, labor-intensive, and environmentally friendly production.

5.3.7. Powerloom

Power loom weaving, on the other hand, involves the use of mechanized looms powered by electricity or other energy sources. This method was introduced during the Industrial Revolution and significantly increased the efficiency and volume of fabric production. Power looms can produce textiles much faster than handlooms and are commonly used in mass production.

The power loom is a mechanized loom powered by electricity, invented during the Industrial Revolution to increase the speed and efficiency of weaving. Unlike the traditional handloom, which depends on manual labour, power looms operate with minimal human effort and can produce fabrics on a much larger scale. This mechanization revolutionized the textile industry by making cloth production faster, cheaper, and more accessible to the masses, thereby contributing to industrial growth and urbanization.

In India, the power loom sector plays a crucial role in meeting the growing demand for textiles, producing a wide variety of fabrics at affordable prices. It provides large-scale employment opportunities, particularly in states like Tamil Nadu, Maharashtra, and Gujarat, where textile clusters are prominent. The introduction of power looms has also encouraged modernization in weaving practices, enhancing productivity and creating export potential for the Indian textile industry.

However, the rise of power looms has posed serious challenges to traditional handloom industries, which often struggle to compete with the low cost and mass production of mechanized looms. This shift has affected the livelihoods of many traditional weavers who depend on handloom weaving for survival. While power looms are vital for industrial development and economic growth, there is a need to balance modernization with the preservation of traditional crafts to ensure both economic progress and cultural sustainability

5.3.7.1 Features of power looms

1. Mechanized operation using electricity or other power sources.
2. High production capacity for large-scale fabric manufacturing.
3. Uniform and consistent quality of fabrics.
4. Faster production compared to handlooms.
5. Requires fewer workers, reducing labor costs.
6. Can use modern and automated weaving technology.
7. Standardized patterns and designs suitable for mass production.
8. Cost-effective for bulk production.
9. Less flexibility for customized or intricate designs.
10. Industrial-scale production suitable for factories.
11. Can run continuously with minimal breaks.
12. Reduces manual effort and physical strain on workers.
13. Compatible with synthetic and blended fibers.
14. Easier integration with dyeing and finishing units.
15. Supports high-volume commercial and export-oriented textile production.

5.3.7.2 Benefits of power looms

1. **High Production:** Can produce large quantities of fabric quickly.
2. **Consistent Quality:** Ensures uniform and even weaving.
3. **Reduced Labor Requirement:** Fewer workers are needed compared to handlooms.
4. **Faster Fabric Production:** Significantly quicker than manual weaving.
5. **Cost-Effective for Bulk Production:** Lowers per-unit cost for large-scale manufacturing.
6. **Industrial Scale Operation:** Suitable for factories and commercial textile units.
7. **Use of Modern Technology:** Can incorporate automation and computerized weaving.
8. **Supports Synthetic Fibers:** Can handle cotton, synthetic, and blended yarns easily.
9. **Continuous Operation:** Machines can run for long hours with minimal breaks.
10. **Standardized Designs:** Ideal for mass production with repetitive patterns.
11. **Integration with Finishing Units:** Easy to connect with dyeing, printing, and

finishing processes.

12. **Reduced Physical Strain:** Less manual effort is required from workers.
13. **Boosts Textile Industry Growth:** Supports industrial expansion and export potential.
14. **Economies of Scale:** Large-scale production reduces overall manufacturing costs.
15. **Market Competitiveness:** Enables production of cheaper and faster-to-market fabrics.

5.3.8 Differences between Handloom and Power loom

1. **Operation:** Handlooms are operated manually by human effort, while power looms run on electricity or mechanical power.
2. **Speed:** Handloom weaving is slow and time-consuming, but power loom weaving is fast and suitable for mass production.
3. **Production Capacity:** Handlooms produce a limited quantity of cloth, whereas power looms can manufacture large volumes continuously.
4. **Fabric Quality:** Handloom fabrics are unique with slight irregularities that add charm, while power loom fabrics are uniform and standardized.
5. **Skill Requirement:** Handloom weaving requires high skill and creativity, while power looms depend more on machines and less on craftsmanship.
6. **Cost of Products:** Handloom fabrics are costlier due to manual labor, while power loom products are cheaper and affordable.
7. **Environmental Impact:** Handlooms are eco-friendly since they do not use electricity, but power looms consume energy and contribute to pollution.
8. **Cultural Value:** Handlooms carry traditional and cultural importance, while power looms focus on industrial and commercial growth.
9. **Employment Pattern:** Handlooms provide livelihood to rural artisans, whereas power looms create employment in urban industrial centers.
10. **Durability & Focus:** Handloom products are durable, heritage-rich, and unique, while power loom products emphasize speed, quantity, and uniformity.

5.3.9 Worker's Co-operatives

A worker cooperative is a business that is democratically owned and managed by its employees, who are called worker-owners. These cooperatives are founded on principles of democratic control, with each member having an equal vote in decision-making processes, and focus on creating jobs for their members while reinforcing collaboration and a sense of value among the worker-owners. This model allows for a more flexible and collaborative work environment, where workers have a direct voice in shaping the firm's policies and direction.

Worker's Co-operatives are business organizations that are owned and managed by the workers themselves. Unlike traditional companies where ownership and decision-making lie with investors or external stakeholders, worker co-operatives ensure that those directly involved in production also control the enterprise. Each worker is a member and has an equal say in the functioning of the cooperative, usually following the principle of "one member, one vote." This democratic structure helps in reducing exploitation and promotes collective responsibility.

The main objective of worker's co-operatives is to provide employment, fair wages, and better working conditions for their members. By pooling resources, workers can collectively run industries, service units, or small-scale enterprises. Surplus or profit generated is not concentrated in the hands of a few owners but is distributed fairly among the members after meeting operational expenses and necessary reserves. This system ensures economic security, fosters a sense of unity, and motivates workers to increase productivity and efficiency.

Worker's co-operatives play an important role in promoting social justice and reducing income inequalities. They empower workers by giving them ownership rights and decision-making powers, thereby strengthening their bargaining capacity in the market. In addition, they encourage self-reliance and skill development among members. Many countries encourage worker co-operatives as they contribute to both economic growth and social development. By combining the benefits of both business efficiency and collective welfare, worker's co-operatives stand as a strong alternative to capitalist enterprises.

Worker's co-operatives in sectors like renewable energy are helping create sustainable solutions while providing fair wages and democratic control over projects

5.3.9.1 Characteristics

1. **Democratic Control:** Workers are the owners and have an equal say in the business's strategic and financial decisions.
2. **Member-Owned:** The capital for the business is typically provided by the members, who also share in the costs and risks.
3. **Collaborative Culture:** Worker cooperatives foster an environment of cooperation, where shared goals lead to increased productivity and a more holistic approach to business operations.
4. **Shared Benefits:** Workers share in the profits of the business, and the model often aims to create more stable and valued employment.

5.3.9.2 Objectives and benefits

Worker cooperatives have distinct objectives and offer specific benefits to their members and society.

1. **Member benefits:** Focus is on member benefits rather than profit accumulation. Surpluses are often distributed to members based on their level of participation, such as hours worked, rather than on capital invested.
2. **Democratic workplace:** Members are involved in policy-making and the election of the board of directors, which creates a more democratic and equitable

work environment.

3. **Creates jobs:** A key purpose is to provide jobs for their members.
4. **Eliminates ills of capitalism:** The cooperative movement aims to counter the exploitation, class struggle, and economic inequality often associated with the profit motive in capitalism.
5. **Abolishes social inequalities:** By promoting a community-wide welfare, cooperatives work to remove social tensions caused by feelings of "high" or "low" status.

5.3.9.3 Significance of workers Co-operatives in Kerala

1. Employment Generation: Worker's co-operatives in Kerala play a vital role in providing employment opportunities to a large number of people, especially in rural and semi-urban areas. By pooling resources and managing enterprises collectively, they create sustainable jobs and reduce dependence on external employers.
2. Reduction of Exploitation: These co-operatives protect workers from exploitation by middlemen, contractors, and private capitalists. Since the workers themselves own and manage the enterprise, they are assured of fair wages, dignity, and a share in the profits, ensuring just and equitable treatment.
3. Economic Security: Worker's co-operatives in Kerala provide members with a stable source of income and social security benefits. By distributing surplus equitably and maintaining reserves, they enhance the financial well-being of workers and reduce poverty in the community.
4. Promotion of Self-Reliance Such co-operatives encourage self-reliance among workers by giving them ownership rights and decision-making power. This empowerment motivates members to improve their skills, take collective responsibility, and run enterprises without dependence on external investors.
5. Contribution to State Economy. Worker's co-operatives have become an important part of Kerala's cooperative movement, contributing significantly to the state's economy. They are active in sectors like industries, handicrafts, cashew processing, and services, generating income and boosting local development.
6. Social Equality and Justice By ensuring equal participation and democratic decision-making, worker's co-operatives promote social equality and justice. They bridge the gap between workers and owners, reduce class conflicts, and uphold the values of cooperation and solidarity.
7. Community Development: Beyond economic benefits, worker's co-operatives in Kerala contribute to community welfare. They often undertake social initiatives, provide support for education and healthcare, and strengthen the collective identity of workers, thereby enhancing the overall development of society.

Workers' Co-operatives in Kerala have emerged as a strong socio-economic model that empowers workers by combining collective ownership with democratic management. They ensure that the benefits of enterprise—profits, decision-making power, and security—are shared among members rather than concentrated in the hands of a few. By encouraging self-reliance, fair wages, and job stability, these co-operatives have become instrumental in reducing exploitation and fostering dignity of labor. Their role in generating local employment and promoting social justice highlights their importance in Kerala's cooperative movement.

Moreover, workers' co-operatives in the state go beyond economic gains, contributing to social solidarity and community development. They provide workers with a platform to utilize their skills collectively, strengthen bargaining power, and ensure equitable distribution of resources. In a state like Kerala, where cooperative traditions are deeply rooted, workers' co-operatives symbolize inclusiveness, sustainability, and resilience. Thus, they remain a vital force in shaping Kerala's developmental path, balancing economic efficiency with social equity.

5.3.10 HANDICRAFTS

Handicrafts refer to products that are made entirely or partly by hand using traditional skills, artistic talent, and simple tools. They are often created by artisans or craftsmen and reflect the cultural, social, and historical heritage of a region. Handicrafts include a wide range of items such as pottery, woodwork, metalwork, textiles, jewelry, and decorative items. Unlike industrial products, handicrafts emphasize uniqueness, creativity, and craftsmanship rather than mass production.

Handicrafts play a vital role in preserving cultural heritage and traditional art forms. They provide employment and livelihood opportunities to millions of artisans, particularly in rural and semi-urban areas. Handicrafts promote regional identity through unique designs, patterns, and techniques that are often passed down through generations. Besides economic benefits, handicrafts also contribute to tourism and export trade, as they attract buyers interested in authentic and culturally rich products.

Despite their cultural and economic significance, the handicraft sector faces several challenges such as competition from machine-made products, lack of proper marketing, low income for artisans, and limited access to modern technology and training. To address these issues, government organizations, co-operatives, and NGOs provide support in the form of training, financial assistance, raw material supply, and marketing platforms. Initiatives like exhibitions, handicraft fairs, and online marketplaces help artisans reach wider markets, ensuring the survival and growth of traditional crafts while empowering local communities.

5.3.10.1 Features of handicrafts

1. **Handmade Products:** Handicrafts are created entirely or mostly by hand, showcasing the artisan's skill. Each piece is unique and cannot be exactly replicated.
2. **Traditional Techniques:** They use age-old methods and techniques passed down through generations. This preserves cultural and historical craftsmanship.
3. **Artistic and Unique:** Every item reflects creativity and artistic expression. No two handicraft items are exactly the same.

4. **Labour-Intensive:** Production requires skilled artisans and significant manual effort. It cannot be mass-produced like factory-made goods.
5. **Cultural Representation:** Handicrafts reflect the traditions, customs, and heritage of a particular region. They are a symbol of local identity and pride.
6. **Use of Simple Tools:**Artisans use basic tools rather than heavy or modern machinery. This emphasizes manual skill over mechanization.
7. **Small-Scale Production:** Handicrafts are made in limited quantities, often for specific orders or local markets. Mass production is not feasible due to the manual process.
8. **Material Variety:** Made from natural, local, or easily available raw materials like wood, clay, metal, fabric, or bamboo. This also promotes sustainability.
9. **Economic Importance:** Provides livelihood and employment to artisans, especially in rural and semi-urban areas. It supports small-scale cottage industries.
10. **Durability and Quality:**Produced with attention to detail and care, ensuring high quality and often long-lasting products. This makes them valuable and collectable.

5.3.10.2 Importance of handicrafts in points

1. Preserve traditional art forms and cultural heritage.
2. Provide employment and livelihood to artisans.
3. Support small-scale industries and local economy.
4. Promote tourism through unique regional products.
5. Generate foreign exchange through exports.
6. Encourage skill development and craftsmanship.
7. Ensure environmentally sustainable production.
8. Empower artisans and strengthen communities.

Handicrafts are more than just decorative or functional items; they are a symbol of culture, tradition, and artisan skill. Despite modern industrialization, handicrafts remain vital for **employment generation, cultural preservation, and economic development**. Supporting the handicraft sector through training, marketing, and financial assistance ensures that traditional skills are passed on to future generations, artisans earn a fair livelihood, and society continues to value creativity, craftsmanship, and sustainable production.

Recap

1. Industrial and workers' co-operatives are part of the co-operative movement that began with the Rochdale Pioneers in 1844.
2. They were formed to protect workers and small producers from exploitation during industrialization.
3. These co-operatives are based on principles of mutual help, democratic control, and collective ownership.
4. Workers are both owners and active participants in management and decision-making.
5. Industrial co-operatives focus on collective production, while workers' co-operatives emphasize worker ownership and control.
6. In India, their legal foundation was provided by the Co-operative Credit Societies Act, 1904 and the Co-operative Societies Act, 1912.
7. After Independence in 1947, they received strong government support.
8. The Five-Year Plans starting from 1951 promoted these co-operatives for small-scale industrial development.
9. They help generate employment, ensure fair wages, and improve working conditions.
10. Overall, industrial and workers' co-operatives contribute to social justice, economic equality, and balanced industrial growth.

Objective Questions

1. Which of the following is the main purpose of Industrial Co-operatives?
2. Which is the apex body of industrial co-operatives in India?
3. Which state in India is most famous for handloom cooperatives?
4. Power looms are mainly associated with:
5. Which raw material is mainly used in coir cooperatives of Kerala?
6. Handicraft cooperatives primarily aim to:
7. Workers' co-operatives are unique because:
8. Which of the following is a major significance of workers' cooperatives in Kerala?
9. Which cooperative sector in Kerala has a strong presence in export markets?
10. Which of the following is NOT an objective of industrial cooperatives?

Answers

1. Supporting small industries and artisans
2. NCDC (National Cooperative Development Corporation)
3. All of the above
4. Mechanized weaving using electricity
5. Coconut husk
6. Preserve traditional art and provide market support
7. They are owned and managed by the workers themselves
8. Providing collective ownership and dignity of labor
9. Coir cooperatives
10. Maximizing profits for private investors

Self-Assessment Questions

1. Define **Industrial Co-operatives** and explain their main purpose.
2. What are the functions of **industrial cooperative federations**?
3. Write a short note on the importance of **handloom cooperatives** in India.
4. Differentiate between **handloom and power loom** in two points.
5. What role do **coir cooperatives** play in Kerala's economy?
6. Mention two objectives of **handicraft cooperatives**.
7. Define **Workers' Co-operatives** with an example.
8. State three ways in which workers' cooperatives provide **economic security** to members.
9. Explain the **significance of workers' cooperatives in Kerala**.
10. How do industrial and workers' cooperatives help in **employment generation**?

Assignments

1. Explain the role, objectives, and functions of **Industrial Co-operatives** in India.
2. Discuss the structure and activities of **Industrial Cooperative Federations** with examples.
3. Evaluate the contribution of **Handloom Co-operatives** to the preservation of traditional weaving in India.
4. Compare and contrast **Handlooms and Power looms** in terms of production, employment, and cultural significance.
5. Examine the role of **Coir Cooperatives in Kerala** and their importance in rural development and exports.
6. Write an essay on the growth, challenges, and contributions of **Handicraft Cooperatives** in India.
7. Define **Workers' Co-operatives** and explain how they empower workers through collective ownership.
8. Assess the **significance of Workers' Co-operatives in Kerala** in terms of employment generation, social justice, and economic equality.
9. How do Industrial and Workers' Co-operatives contribute to **balanced regional development**?
10. Discuss the problems faced by **Industrial and Workers' Co-operatives** in India and suggest measures for their strengthening.

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6

BLOCK

Co-Operative Movement in Foreign Countries

Unit 1
Co-Operative Movement in Britain, Germany and Denmark

Learning Outcomes

After completing this unit, the learner will be able to;

- ◊ understand the origin and historical development of co-operative movements in different countries
- ◊ understand the origin, historical development, principles, and objectives of co-operative movements across different countries
- ◊ describe the Rochdale Pioneers' contribution to the modern co-operative movement
- ◊ analyze the role of co-operatives in Britain, Germany, Japan, and China
- ◊ evaluate how co-operatives helped reduce exploitation and inequality in society
- ◊ identify the economic and social benefits provided by foreign co-operatives.
- ◊ Assess the contribution of co-operatives to national development in agriculture, industry, and trade.

Prerequisite

The co-operative movement has taken different forms in various countries based on their socio-economic needs. In Great Britain, the Rochdale Pioneers of 1844 laid the foundation of modern consumer co-operatives, ensuring fair prices and democratic control. In Germany, Raiffeisen and Schulze-Delitzsch pioneered agricultural credit co-operatives to support farmers and artisans through affordable loans and mutual savings. Denmark became renowned for its dairy co-operatives, where farmers pooled resources to modernize production and gain global competitiveness. In Asia, China's INDUSCO movement (1937) emphasized industrial co-operatives under the motto "Gung Ho" to support war efforts and national self-reliance, while Japan developed multipurpose co-operatives offering credit, marketing, supply, and consumer services, which became vital for rural development. In North America, the USA promoted co-operatives in agriculture, rural electrification, credit, and housing, especially during the New Deal period, whereas Canada specialized in agricultural marketing co-operatives, ensuring stable markets and fair returns for farmers. Thus, each country shaped its co-operative movement around its unique economic and social priorities, creating diverse but complementary models of co-operation.

Keywords

International Co-operative Movement, The Rochadale pioneers

Discussion

6.1.1 INTRODUCTION

A co-operative is a group of people who come together voluntarily to meet their common needs, whether economic, social, or cultural. It is a business that is owned, run, and controlled by its members.In co-operatives, members can be customers, workers, or residents. Everyone has an equal say in decisions, and they also share the profits. Unlike businesses that only focus on profit, co-operatives are guided by values and principles and work together to build a better society.As they are member-owned and member-focused, co-operatives give people the power to achieve their goals collectively, while also helping to improve their communities.

Globally, co-operatives are very important. They provide jobs to around 250 million people (not counting indirect jobs) and generate about 2.2 trillion USD in turnover. They also provide essential services and infrastructure for society. In G20 countries, nearly 12% of all jobs come from co-operatives.

The following data published in "Co-operatives and Employment: a global report" by CICOPA (International Organisation of Industrial, Artisanal and Service Producers' Cooperatives) shows the contribution of co-operatives in generating and maintaining partial or full time employment around the world.

1. In France, 21,000 co-operatives provide over 1 million jobs representing 3.5% of the active working population. Source: Coop FR, Top 100 des Enterprises Cooperatives et panorama sectoriel, 2010.
2. In Kenya, 50% of the population derives their livelihoods from co operatives. Approximately 250,000 Kenyans are employed or gain most of their income from cooperatives.

3. In Colombia, the co-operative movement provides 137,888 jobs through direct employment and an additional 559,118 jobs as worker-owners in workers co-operatives -providing 3.65% of all jobs in the country.
4. In Indonesia, co-operatives provide jobs to 288,589 individuals. Source: Ministry of Cooperative & SMEs, Indonesia, 2004.
5. In the United States, 30,000 co-operatives provide more than 2 million jobs. Source: National Co-operative Business Association.

Co-operation is set to play an important role in the world economy. The growth of co-operatives across the world has not always followed a straight path, but the movement has shown its ability to adapt to local, regional, economic, and social conditions. This shows that co-operation is flexible, alive to changes, and can adjust with time. Co-operation has always been a part of human life. At its core, it is about people coming together to help each other and move forward collectively.

6.1.2 The International Cooperative movements

The co-operative business model originated in England among industrial workers in the mid-nineteenth century as an urban consumer stores but soon spread to rural areas amongst farmers. Workers had nothing to sell but their labour, as it was a buyers' market. Those who failed to find work in the factories were forced either to rely on insufficient rural assistance, or to starve. By the early 1800s, food prices were artificially high and wages were being reduced, while much of the population suffered extreme poverty and scarcity. During the latter part of the nineteenth century, the concept spread to several parts of Europe and North America. The earliest cooperative were established among the weavers, workers in cottage industries, who were suffered at the hands of moneylenders and mercantile economy during the industrial revolution. The real co-operative movement can be credited to Rochdale Pioneers who established the cooperative consumer store in North England, which can be called as the first in the co-operative consumer movement. Around this time the cooperative movement was more at

a practical level. In Great Britain, Robert Owen (1771-1858) established self-contained semi-agricultural, semi industrial communities. Owen was sure that working-class people, given the right environment, possibly will form co-operative communities. He put this into practice in New Lanark, Scotland, where his own business was based. Dr. William King (1757-1865) helped to spread Owners doctrine; his ideas were more reasonable than Owen's and achieved more results.

In France Charles Fourier (1722-1837) published a Treatise on Domestic Agricultural Association in 1822, first time on co-operation and Saint –Simon (17601865) worked on various theories of "Associations". In Germany, Schulze-Delitzsch (1808-1865) was the promoter of urban cooperatives and co-operatives in handicrafts, while F.W.Raiffeisen (1818-1888) did the same for rural credit cooperatives. Early in the twentieth century, the cooperative movement spread to India and gradually to other Asian and African countries; mainly courtesy of the colonial administrators. The co-operative movement became a form of business organization recognized as an international movement.

Although some associate it with socialist or communist countries, the cooperative movement also operates in capitalist countries such as the United States of America, Canada, Israel and Australia.

An Indian Registrar of Co-operatives appropriately described the co-operative movement as representing a happy mean between the forces of extreme individualism on the one hand and socialism and communism on the other. It stands for individual rights tempered by considerations of justice, equity and fair dealing as between man and man, and its one great aim is to prevent the exploitation of the weaker by the stronger party.

6.1.3 Cooperative Movement in Great Britain

Great Britain is the homeland of cooperative store movement. It was the outcome of radical changes that took place in the latter half of the 18th century in the economic and social systems of Great Britain under the impact of Industrial Revolution. The Industrial Revolution had completely overhauled the entire social and economic life of Englishmen. Domestic industries were replaced by factory industries. The rural population started shifting its habitation from villages to towns and cities, industrial and mining districts in the expectation of bettering their lot. Improved means of transport and communications broke down the isolation of many places. People started depending more and more on the outside world for employment and supply of goods and commodities.

To some, this change was a boon while to others it was a source of great insecurity and poverty. Much of the distress was due to the effects of Napoleon wars. The factory system created new problems for the government and the people, namely, low wages, unemployment, labour disputes, exploitation of child labour and slums. Moreover the factories were ill-lit, ill-ventilated, overcrowded and insanitary. Safety precautions and devices were neglected. Children cleaned the running machines and suffered shocking accidents.

Another problem was the truck system of payment of wages. A truck system is an arrangement in which employees are paid in commodities or some currency substitute (such as vouchers or token coins, called in some dialects scrip or chit) rather than with standard currency. This limits employees' ability to choose how to spend their earnings—generally to the benefit of the employer. As an example, company scrip might be usable only for the purchase of goods at a company-owned store, where prices are set artificially high. The practice has been widely criticized as exploitative because there is no competition to lower prices.In the political sphere there were strong demands for universal suffrage, freedom of speech, press and association for the abolition of privileges. Such were the effects of Industrial Revolution and there seemed to be no way out.

The economists, political thinkers and social reformers, all started applying their mind towards finding a solution to these problems. Adam Smith and his followers expounded the theory of competition on the one hand and on the other Robert Owen pointed out the way of escape from the evils of competition through the organisation of equitable associations. Beer in his "History of British Socialism", has rightly said that "the working classes learned socialism from Owen". Owen's socialism was cooperative in nature and it was constructive, educational, and non political.

6.1.3.1 Fenwick Weaver's Society

The earliest record of a co-operative comes from Fenwick, Scotland where, in March 14, 1761, 16 weavers and apprentice weavers came together to sign a charter in which they agreed to work together to set purchase prices for yarns, selling prices for cloth and to deal fairly and honestly in their work, thus forming the Fenwick Weavers' Society.

They also set up a fund that they lent back to members to purchase high cost items, and from which they gave charitable donations to the poor in the village. Some have seen this as a proto credit union. Later that decade, in 1769, they agreed to take funds from their society to purchase groceries which they sold from a central point in the village, the profits going back into their joint funds. This has been seen as a very early Co-op store.

The Weavers were not only interested in using their joint venture to improve their incomes, however, in the true spirit of co-operation, they set up a library in the village. They also joined together with the Freemasons and the Friendly Society to fund the building of a schoolhouse in 1812. They were active in other ways. They helped set up an Emigration Society in 1839 (23rd April) and, on the 5th April 1846,as members of the Secession Church they brought the famous American ex-slave and anti-slavery campaigner, Frederick Douglass, to the village to speak about his experiences. Sadly handloom weaving could not resist the advance of the factories and, in 1873, with only three members left, they wound up the Society.

6.1.3.2 Dr. William King and The Co-operator.

Dr. King was an ardent follower of Owen. Like Owen, he argued that poverty, disease and crime were chiefly the result of existing economic and social condition. He believed that the remedy for the worker's plight was in their own hands. It was cooperation. The workers suffered because they worked for others. Unless they worked for themselves they would not enjoy the whole product of their labour. But this could be possible only if they had capital. For that he advocated cooperation to raise enough capital by accumulating small savings. The surplus capital could be used to employ more and more members to make shoes, clothes etc. By and by,

all members would be self-employed and the society would develop into a community.

In 1828 he started a paper, 'The Co-operator' to promote these ideas. 'The Co-operator' had a wide circulation and a great influence in the emerging movement. Though only published for slightly overt wo years, the paper served to educate and unify otherwise scattered groups. King's articles in the paper gave the movement some philosophical and practical basis that it had lacked before. King's overriding rationale for the movement is best illustrated by the phrases repeated on the masthead of every issue of The Co-operator: "Knowledge and union are power. Power, directed by knowledge is happiness.Happiness is the end of creation.”

6.1.3.3 The Rochdale Pioneers

Though there were many cooperative efforts, experiments and failures, The Rochdale Pioneers are generally regarded as the prototype of the modern co-operative society and the founders of the Cooperative Movement in 1844. On 21.12.1844, the Rochdale Pioneers established a society with a working capital of £28.

As the mechanisation of the Industrial Revolution was forcing more and more skilled workers into poverty, these tradesmen decided to come together to open their own store selling food items they could not otherwise afford. With lessons from prior failed attempts at cooperation in mind, they designed the now famous Rochdale Principles, and over a period of four months they struggled to pool £1 per personfor a total of 28 pounds of capital. On 21 December 1844, they opened their store with a very meager selection of butter, sugar, flour, oatmeal and a few candles.

The Pioneers decided it was time shoppers were treated with honesty, openness and respect, that they should be able to share in the profits that their custom contributed to and that they should have a democratic right to have a say in the business. Every customer of the shop became a member and so had a true stake in the business. At first the co-op was open for only two nights a week, but within three months, business had grown so much that it was open five days a week and they expanded their selection to include tea and tobacco. They were soon known for providing high quality, unadulterated goods. Ten years later, the British co-operative movement had grown to nearly 1,000 co-operatives.

The Rochdale Society of Equitable Pioneers, was an early consumer co-operative, and one of the first to pay a patronage dividend, forming the basis for the modern co-operative movement. Although other co-operatives preceded them, the Rochdale Pioneers’ co-operative became the prototype for societies in Great Britain. They are most famous for designing the Rochdale Principles, a set of principles of co-operation that provide the foundation for the principles on which co-ops around the world operate to this day. The model the Rochdale Pioneers used is a focus of study within co-operative economics.

Rochdale Principles

The main principles formulated by the Rochdale Pioneers are:

1. Voluntary and open membership
2. Democratic control (one member, one vote)
3. Limited interest on capital
4. Distribution of surplus in proportion to purchases
5. Cash trading
6. Sale of pure and unadulterated goods
7. Political and religious neutrality
8. Promotion of education

These principles were later adopted by co-operatives all over the world.

6.1.3.4 Features of the Co-operative Movement in Britain

The co-operative movement in Britain originated in the early nineteenth century as a response to the problems created by the Industrial Revolution, such as exploitation of workers, high prices, and poor quality of goods. It was inspired by the efforts of the Rochdale Pioneers in 1844, who laid down the basic principles of co-operation. The British co-operative movement aimed at promoting self-help, mutual aid, and democratic control, especially to protect consumers and improve the socio-economic conditions of the working class. The Features of the Co-operative Movement in Britain include :

1. Voluntary and open membership
2. Democratic management based on one member, one vote
3. Consumer-oriented approach
4. Limited return on capital
5. Surplus distributed as dividend on purchases
6. Emphasis on cash trading
7. Importance given to education and training
8. Political and religious neutrality
9. Strong federal organisation through wholesale societies
10. Social welfare and mutual-help orientation

6.1.3.5 Types of Co-operatives in Great Britain

Consumer Co-operative Societies : These societies supply goods of good quality at reasonable prices to members. They are the most prominent form of co-operatives in Britain.

1. **Co-operative Wholesale Society (CWS) :** The Co-operative Wholesale Society acts as the apex organisation. It purchases goods in bulk, manufactures products, and supplies them to retail societies.
2. **Producers' Co-operatives:** These societies help producers by providing raw materials, tools, and marketing facilities.
3. **Housing Co-operatives:** They provide affordable housing to members and help solve housing problems.
4. **Credit Co-operatives:** These societies provide financial assistance and loans to members at reasonable rates.

6.1.3.6 Achievements of the British Co-operative Movement / Importance

The British Co-operative Movement has achieved remarkable success in improving the economic and social conditions of people, especially the working class. It effectively protected consumers from exploitation by ensuring the supply of pure, good-quality goods at fair and reasonable prices. By eliminating middlemen, co-operatives reduced the cost of essential commodities and promoted honest trading practices such as correct weights and cash sales. The movement encouraged habits of thrift, self-help, and mutual cooperation among members, while surplus earnings were distributed equitably in the form of patronage dividends. Through strong organisations like the Co-operative Wholesale Society, the movement expanded into manufacturing, banking, insurance, and housing, creating a powerful and integrated co-operative network. It also played a significant role in promoting democratic management and education, training members to participate actively in administration. Overall, the British Co-operative Movement not only improved living standards but also served as a model for co-operative development across the world. The major achievements are :

1. Protected consumers from exploitation
2. Ensured supply of pure and quality goods
3. Improved living standards of workers
4. Promoted democratic values
5. Inspired co-operative movements in other countries
6. Created strong retail and wholesale networks

6.1.3.7 The British Cooperative today

"The British cooperative" refers to the UK's cooperative movement, which is still active today with over 7,000 registered co-operatives and 17 million members, contributing £34 billion annually to the economy. The movement is represented by Co-operatives UK, a national body promoting and supporting co-ops across various sectors, including the well-known Co-operative Group. Key areas of activity include the food retail sector, and the movement continues to address challenges like access to finance, with news of recent activities such as the British credit union apex renewing its mission statement and the celebration of worker co-op anniversaries being reported by Cooperative News.

The British co-operative movement is most commonly associated with The Co-operative brand (best known for its supermarket and Funeral care brands) which has been adopted by several large consumers' co-operative societies; however, there are many thousands of registered co-operative businesses operating in the UK. Alongside these consumers' co-operatives, there exist many prominent agricultural co-operatives (621), cooperative housing providers (619), health and social care cooperatives (111), cooperative schools (834), retail co-operatives, co-operatively run community energy projects, football supporters' trusts, credit unions and worker-owned businesses.

'Co-operatives UK' is the central membership organisation for co-operative enterprise throughout the UK. This is a co-operative of co-operatives: a co-operative federation. Most kinds of cooperatives are eligible to join Co-operatives UK.

Though the history of the co-operative movement in the UK is often traced back to the Rochdale Pioneers of 1844, the history of co-operation can be traced back much further. The origins of modern co-operatives owe their beginnings not simply to the extreme poverty faced by many in the 18th and 19th centuries, but also to the rapid social changes of urbanisation, the rising food prices which resulted from the marketisation of the economy and from the lack of political representation for the working class during this period. These factors led to a number of social changes including an increased focus on mutual businesses (notably co-operatives) in public discourse during this time and also to events such as the Swing Riots of 1830.[4] Early co-ops often focused on the provision of essential services (notably food) to members where the market was either unable to provide these services sufficiently or was considered unjust. Often the more successful co-ops were established around the trades which were experiencing the largest impact from the rapid industrialization such as mining and weaving. This was likely due to the clearer direct benefits of membership and the solidarity of workers with a similar plight. The provision of food was a highly successful area for co-ops with many becoming involved in milling and baking bread. The Hull Anti-Mill Co-op, established in 1795 and which traded for a century, provides an example of such a successful society.

Co-operative Movement in Britain – At a Glance

i. Early Background (18th–19th Century)

1. Industrial Revolution caused poverty, unemployment, and exploitation of workers.
2. Workers sought alternatives to unfair trade practices and adulterated goods.

ii. The Rochdale Pioneers (1844)

1. 28 weavers and artisans in Rochdale, England, started the first successful consumer co-operative store.
2. Laid down the Rochdale Principles: democratic control, fair prices, pure goods, cash sales, and profit-sharing (dividend on purchases).

iii. Spread of Consumer Co-operatives (Mid–Late 19th Century)

1. The Rochdale model spread quickly across Britain.
2. Thousands of local consumer societies were established in towns and villages.

iv. Formation of Co-operative Wholesale Society (1863)

1. Societies joined together to create the CWS, which supplied goods in bulk to member co-operatives.
2. Expanded into banking, insurance, and production.

v. Early 20th Century Expansion

1. The movement grew strong and became a major economic force in Britain.
2. Co-operatives diversified into education, housing, and political advocacy.

vi. Later Developments

1. Despite competition from private businesses and supermarkets, consumer

co-operatives continue to function.

2. The Co-operative Group (UK) remains one of the largest co-operative businesses in the world.

Thus the co-operative movement in Britain began as a response to the hardships of the Industrial Revolution, when workers faced exploitation, poor wages, and adulterated goods. Its real foundation was laid in 1844 by the Rochdale Pioneers, a group of 28 weavers and artisans who started the first successful consumer co-operative store. They introduced the famous Rochdale Principles—such as democratic control, fair prices, pure goods, cash sales, and profit-sharing based on purchases—which became the guiding framework for co-operatives worldwide.

Following this, consumer co-operatives spread rapidly across Britain, leading to the establishment of the Co-operative Wholesale Society (CWS) in 1863, which supplied goods to member societies and expanded into banking, insurance, and manufacturing. By the early 20th century, the movement had become a powerful economic and social force, promoting education, housing, and political advocacy. Though later challenged by private retailers and supermarkets, the co-operative movement in Britain remains significant, with the Co-operative Group (UK) still among the largest co-operative enterprises globally, symbolizing the enduring success of collective self-help and democratic business.

6.1.5 Cooperative Movement in Germany

The German cooperative movement began laying its foundational preconditions between 1815 and 1850, a period marked by agrarian modernization and the "peasant liberation" (Bauernfreiung) that granted farmers land ownership. Influential figures like Franz Hermann Schulze-Delitzsch championed urban and handicraft cooperatives, while Friedrich Wilhelm Raiffeisen pioneered rural credit unions starting in the 1840s, addressing the financial distress of farmers and artisans under industrialization.

Germany is the birthplace of co-operative credit movement in the World. In the middle of the 19th century the circumstances like-famine, poverty, exploitation and indebtedness necessitated the introduction of a new idea in Germany. The poor farmers and laborers were heavily under debt and exploited by the money lenders. Mostly the trade was also in the hands of the Jews and the farmers bought their requirements as well as sold their produce through this class. The result was an extreme poverty among the laborers and farmers. It is reported that almost every house and farm land was encumbered with debt. To add to this misery, famines occurred too frequently and broke the backbone of the poor.

When such condition was around, two pioneers, Herr F.W.Raiffeisen and Herr Franz Schulze, both well known personalities in the cooperative field, moved by the miserable condition of farmers and laborers, started making experiments with various methods of relief. Herr Franz Schulze (1808-1883), judge and the mayor of Delitzsch, started his efforts after studying the conditions of famine stricken people as a chairman of the “Famine Commission”. With contributions from his friends he started a charitable bakery to distribute bread to the poor people. Co-operative efforts, however, started with a realization by him of the superiority of self help and mutual-help over charity. In 1849, he established his first friendly society of shoemakers with the object of making purchases of raw material in bulk and supplying it to the members. In 1850, Schulze established his first credit society in his native town. Its function was to raise funds to be lent to its members. With the experience gained by his first cooperative society, Schulze formulated some principles and published them in book written in 1856. The number of his banks grew rapidly and in 1859, he called a congress of his banks which resolved to set-up “The General Union of German Industrial Societies”. He remained its Director till death. He also secured the “First Co-operative Law” from Prussia in 1867, which was made applicable to the whole Germany in 1889.

Friedrich Wilhelm Raiffeisen’s contributions to the cooperative movement are indeed significant and foundational. His approach to alleviating poverty and improving the lives of rural peasants, especially during difficult times, set the stage for many of the modern cooperative models we see today. Raiffeisen’s deep understanding of the challenges faced by farmers and working-class people in rural areas led him to create an innovative system of mutual aid. His efforts began in the 1860s when he was serving as the mayor of Wyerbusch (now part of Germany). As you mentioned, during times of famine and economic hardship, people were often exploited by moneylenders and faced impossible conditions for survival. Raiffeisen took practical steps to help them by facilitating access to grain loans, which were distributed to peasants at affordable rates.

His cooperative system not only provided immediate relief but also aimed to establish a sustainable framework for the future. By encouraging mutual support, Raiffeisen sought to enable communities to come together and lift each other out of poverty. The creation of local committees to distribute resources on credit was a vital part of his strategy. These committees ensured that aid reached those who needed it the most, while also creating a sense of responsibility among the people to repay the loans after a set period.

What stands out in Raiffeisen’s approach is the focus on self-help, mutual aid, and solidarity, principles that are central to the cooperative movement even today. His work laid the foundation for the creation of cooperatives in various sectors—agriculture, banking, and beyond—empowering communities and promoting economic self-sufficiency. Raiffeisen’s cooperative banking model, for instance, eventually gave rise to Raiffeisen Banks, which have grown into a significant part of the financial landscape in many European countries.

Raiffeisen’s vision and pragmatic approach to solving rural poverty through collective action were indeed ground-breaking, and his work in Flammer Feld and Heddesdorf marked key moments in the development of cooperative structures that would later spread across the world.

When Raiffeisen organized the Union in Aid of Impoverished Farmers in 1849, he was not only offering immediate relief but also fostering a sense of community and mutual responsibility among farmers. His approach was more than just a temporary solution—it was a call for solidarity among people who, despite their poverty, could find strength in collaboration.

The creation of the Heddesderf Beneficient Society, and its transformation into the Heddesderf Credit Union, represents a significant step in Raiffeisen's development of cooperative banking models. By involving wealthier individuals (depositors) alongside the poor farmers (borrowers), Raiffeisen helped bridge the gap between different socio-economic classes and showed how cooperation between these groups could create a sustainable financial system. This inclusion of both lenders and borrowers as members of the cooperative was a novel idea that emphasized shared responsibility and mutual benefit.

The phrase "Each for all, all for each" encapsulated the very spirit of the cooperative movement—mutual support, collective action, and shared risk. This ethos continues to be a core value of cooperatives today, whether in agriculture, finance, or other sectors.

Another critical principle introduced by Raiffeisen was honorary service and unlimited liability. The idea of honorary service meant that the individuals involved in the cooperative would work for the benefit of the community without expecting financial reward—demonstrating commitment to the common good. Unlimited liability ensured that all members had a vested interest in the health and success of the cooperative, as they were personally responsible for the cooperative's obligations.

By 1877, with the establishment of the Raiffeisen Union, the movement had gained significant momentum, and the structure was starting to take shape across rural Germany. This union played an essential role in standardizing and promoting Raiffeisen's cooperative model, allowing it to spread to other parts of Europe and, eventually, the world.

Raiffeisen's legacy is still visible today in the Raiffeisen Banks and Raiffeisen Cooperatives across many countries, particularly in Europe. His model laid the foundation for what we now recognize as cooperative banking—where the focus is not on maximizing profit for a few shareholders but on promoting the economic welfare of the members and the community as a whole.

Raiffeisen laid the maximum stress on the moral aspects of the working of societies and the concept of self-help, mutual-help, social equality, non-profit motive and joint liability. He believed in the capitalization of character and wanted members to help one another and increase their borrowing power by pooling their resources in present and in future. He believed that societies were not business concerns in themselves but were meant to help the members to improve their financial condition. On the other side, Schulze believed that co-operative institutions should be run on business lines. He believed less in sentiments and more in realities of life and made his societies viable units, able to stand with competition and difficulties. After the national collapse and German defeat in 1945, the country

was divided into the German Democratic Republic and the Federal Republic of Germany, the formal agricultural production co-operatives have been formed on the pattern of collective farms as Russia.

Later on, the co-operative movement developed in four distinct groups:

1. Rural Societies- the most important group of co-operative organization is the

rural multi purpose societies, organized on Raiffeisen model. These societies combine in themselves the work of providing credit, supplying agricultural requirements, marketing of crops and processing of produce.

2. Urban Co-operative Societies formed in urban areas, Schulze type of cooperatives have developed with the membership composing of retailers, restaurant owners, doctors, druggists and others. The organization of retail shop keepers into cooperative serving as wholesalers was a feature of West Germany. Such societies had a central all their supplies through these societies. Other societies in the group provided credit mainly to non-farming people. Both Raiffeisen and Schulz type societies provided all services offered by commercial banks. Thrift is encouraged among members by offering various types of deposits such as long range savings, lottery savings, thrift messenger and club savings.

3. Housing Co-operative Societies formed the third group in the movement. These societies constructed houses for their members with the finances collected from the members as well as from the government. A very large number of cooperative housing societies have been working in Berlin.

4. Consumer's Co-operative Societies was the last group of consumer's cooperatives. These societies were also running with a very large number of shops and have million members.

The four groups of co-operatives had their own federal organizations. Although the co-operative movement in Germany can be divided into four major groups, there are several common features be tween them e.g. all co-operatives observed the same fundamental principles namely self help, self responsibility and self management. All types of societies were governed by the same cooperative law and were affiliated to the German Co-operative Bank and obtained the required finances from it. In Germany, the rural cooperative movement, which started merely for the elimination of financial debility of members, covered the whole economic field in rural areas. They not only provided credit but also helped members in cutting down cost of production by providing them their farm and house-hold requirements and marketing their crops at reasonable rates. The cooperatives also undertook joint production in order to increase the units of production in agricultural and industrial fields and thus cutting down the overheads. The societies adopted a policy of rationalization by increasing their membership and turnover. Similar types of societies amalgamated into reasonably large institutions and vertical integration of the societies into central organizations strengthened. The cooperative movement in Germany has developed into a national force. Since the beginning of the Credit Union movement in Germany, there are national leagues, regional confederations and the global organization- World Council of Credit Unions (WCCU). The main task of WCCU was to provide the necessary assistance to members for sustaining the credit unions development. For connecting with the cooperative movement WCCU joined International Cooperative Alliance (ICA) in March 1977 to provide the services to 97 countries with 46,377 credit unions and 17,20,10,203 members as the end of 2006.

In Germany there are 17 million members spread across around 5,300 cooperative. Each one out of four is the member of co-operative. The co-operative network is the largest economic organization in Germany. German Co-operative and Raiffeisen Confederation Registered Association (DGRV- Deutschev Genossenschafts and

Raiffeisen Verband) is the apex and the auditing association as defined by German Cooperative Act. Today co-operatives are also present in growth sectors such as the service industry, in data processing and new media industries and in the education and health sectors. This shows that co-operatives are not only engaged in current development but also that their foundation concept can be flexibly applied to the most varied industry structures.

Pioneers of the German Co-operative Movement

The co-operative movement in Germany was mainly developed through the efforts of Hermann Schulze-Delitzsch and Friedrich Wilhelm Raiffeisen. Both aimed to solve the problem of lack of credit among small producers, but their approaches differed according to the needs of urban and rural communities.

1. Hermann Schulze-Delitzsch (1808–1883)

Hermann Schulze-Delitzsch was a German economist and social reformer who worked for the welfare of urban artisans, craftsmen, and small traders. During the industrial revolution, these groups faced serious financial difficulties due to lack of institutional credit. Schulze believed that self-help through co-operation was the best solution rather than government charity or state aid.

Contribution to the Co-operative Movement

Schulze-Delitzsch established the first urban credit co-operative societies in the 1850s. These societies provided loans to members for productive purposes such as business expansion and purchase of tools. He strongly emphasized sound business principles, professional management, and financial discipline.

Features of Schulze-Delitzsch Co-operatives

1. Formed mainly in urban areas
2. Membership consisted of artisans, traders, and small businessmen
3. Share capital was compulsory
4. Members had limited liability
5. Loans were granted for productive activities
6. Societies aimed at earning profits and paying dividends
7. Managed on business lines with trained staff

Schulze-Delitzsch laid the foundation for urban co-operative banking. His model ensured financial stability and sustainability and inspired many modern co-operative banks across Europe.

2. Friedrich Wilhelm Raiffeisen (1818–1888)

Friedrich Wilhelm Raiffeisen was a rural mayor and social reformer who focused on the problems of poor farmers and agriculturists in rural Germany. Farmers were heavily exploited by moneylenders and traders who charged exorbitant interest. Raiffeisen believed in mutual help, moral responsibility, and community solidarity as the basis of co-operation.

Contribution to the Co-operative Movement

Raiffeisen established rural credit co-operative societies, also known as Raiffeisen societies. These societies provided cheap credit to farmers and helped them escape from debt traps. His approach was non-profit-oriented and based on trust and social responsibility.

Features of Raiffeisen Co-operatives

1. Established in rural areas
2. Membership consisted mainly of small farmers
3. Share capital was not compulsory
4. Members had unlimited liability, ensuring trustworthiness
5. Loans were given at low interest rates
6. No dividend on capital; surplus used for community welfare
7. Management based on honesty, character, and local knowledge

Raiffeisen's model became the backbone of rural co-operative credit systems worldwide. His ideas greatly influenced agricultural co-operatives and rural banking, especially in developing countries.

Thus the German co-operative movement owes its success to the complementary contributions of Schulze-Delitzsch and Raiffeisen. While Schulze-Delitzsch strengthened urban credit through business-oriented co-operatives, Raiffeisen transformed rural life through trust-based credit societies. Together, they created a strong and sustainable co-operative credit system that continues to influence co-operative movements across the world.

6.1.4.1Agricultural Credit Co-operatives in Germany

The roots of agricultural credit co-operatives in Germany can be traced back to the mid-19th century, when rural farmers faced widespread poverty, indebtedness, and exploitation by moneylenders. Small peasants and farmers lacked access to affordable credit, which hampered their ability to invest in seeds, equipment, and livestock. In response to this, Friedrich Wilhelm Raiffeisen, a pioneer of the co-operative movement, established rural credit co-operatives in the 1860s. His model was based on principles of self-help, mutual aid, and community responsibility. These institutions, later known as Raiffeisenbanken, provided farmers with small loans at reasonable interest rates, replacing exploitative credit practices and laying the foundation for rural economic development in Germany.

The structure of these agricultural credit co-operatives was distinctive. Membership was voluntary and based on open access to all rural inhabitants, while their functioning relied heavily on joint liability, where members collectively guaranteed loans. This system encouraged financial discipline and minimized defaults, as the community itself monitored repayment. Funds were raised through member savings, share capital, and borrowing from central co-operative banks. In addition to providing credit, these institutions promoted thrift and financial literacy among rural populations, fostering a culture of responsibility and collective progress. Over time, these co-operatives became closely integrated into the German banking system, supported by regional and national federations.

The success of German agricultural credit co-operatives was profound, as they not only empowered small farmers but also became a model for other countries across Europe and beyond. They played a crucial role in modernizing German agriculture by financing improvements in productivity, mechanization, and land development. Even today, Raiffeisen co-operatives and credit banks remain an important part of Germany's financial landscape, demonstrating resilience and adaptability. Their emphasis on solidarity, transparency, and community development continues to inspire co-operative credit movements worldwide, highlighting Germany's significant contribution to the global co-operative tradition.

6.1.4.2 Structure and Functions of Agricultural Credit Co-operatives in Germany

The agricultural credit co-operatives operated on a democratic and community-based structure. Membership was voluntary, and loans were provided mainly to farmers and rural households. A unique feature was joint liability, where all members were collectively responsible for repayment. This system built trust and ensured financial discipline, significantly reducing defaults. The capital for lending was raised through members' savings, share contributions, and borrowings from higher-level co-operative banks. These co-operatives not only provided short-term and long-term credit for seeds, livestock, equipment, and farm improvements but also encouraged savings, thrift, and financial management skills among rural populations. Over time, they became linked to regional and national federations, which provided guidance, supervision, and additional funding.

Structure of Agricultural Credit Co-operatives in Germany

Agricultural credit co-operatives in Germany follow a three-tier federal structure, which ensures financial stability, supervision, and efficient functioning.

1. Primary Agricultural Credit Societies

These are the village-level co-operatives directly serving farmers. Features of PACS include

a. Membership consists of small and marginal farmers

b. Operate within a limited local area

c. Based on mutual trust and self-help

d. Members generally have unlimited liability

e. Collect savings and deposits from members

f. Provide short-term and medium-term loans

2. Regional / Central Co-operative Banks

These banks operate at the district or state level and support primary societies and which

a. Provide refinance facilities to primary societies

b. Mobilise large-scale deposits

c. Balance surplus and deficit funds among societies

d. Supervise and guide primary co-operatives

e. Offer technical and financial advice

3. Central Co-operative Bank (National Level)

At the top is the Central Co-operative Bank, such as the DG Bank (now part of DZ Bank).

a. Acts as the apex institution

b. Represents co-operatives at the national level

c. Provides large-scale refinancing

d. Handles foreign exchange and international transactions

e. Maintains financial stability of the system

6.1.4.3 Functions of Agricultural Credit Co-operatives in Germany

1. **Providing Credit to Farmers :** They provide short-term, medium-term, and long-term loans for agricultural operations such as cultivation, purchase of seeds, fertilizers, machinery, and livestock.
2. **Mobilising Rural Savings:** These co-operatives encourage savings habits among farmers by accepting deposits, thereby strengthening rural financial resources.
3. **Protection from Moneylenders:** By offering loans at reasonable interest rates, they free farmers from exploitation by private moneylenders.
4. **Promoting Agricultural Development:** Credit is provided for land improvement, irrigation, mechanisation, and modern farming techniques.
5. **Ensuring Financial Discipline:** Strict repayment rules, mutual responsibility, and moral pressure ensure high recovery rates.
6. **Supporting Allied Activities:** They finance dairy farming, poultry, fisheries, and other allied rural activities.
7. **Strengthening Rural Economy:** By ensuring timely credit and financial inclusion, they improve income levels and overall rural prosperity.

6.1.4.4 Impact and significance [Importance of the German Agricultural Credit Co-operatives]

The Agricultural Credit Co-operatives in Germany had a transformative impact on rural society. They enabled farmers to break free from the cycle of debt, improved agricultural productivity, and supported modernization through access to credit for mechanization and infrastructure. Their success turned Germany into a model for other nations in Europe and beyond, influencing co-operative movements in agriculture worldwide. Today, Raiffeisen co-operatives and rural credit banks continue to play a major role in Germany's financial system, showing remarkable resilience. Their principles of solidarity, accountability, and sustainability remain a cornerstone of rural economic empowerment, making them a lasting contribution of Germany to the global co-operative movement.Thus the importance of the German Agricultural Credit Co-operatives include

1. Strengthened rural credit system
2. Encouraged self-help and mutual responsibility
3. Promoted agricultural productivity
4. Created a strong co-operative banking network
5. Served as a model for agricultural credit systems worldwide

The agricultural credit co-operatives of Germany, built on the Raiffeisen model, form one of the most efficient rural credit systems in the world. Their well-organised three-tier structure and member-oriented functions have successfully met the financial needs of farmers, reduced rural indebtedness, and contributed significantly to agricultural and rural development.

6.1.5 Cooperative Movement in Denmark

The cooperative movement in Denmark has a rich history, beginning in the 19th century and evolving through various stages. It has significantly influenced Denmark's economy, culture, and social policies. Here is a detailed overview of each stage in the development of the cooperative movement in Denmark:

1. Early Beginnings (19th Century)

The cooperative movement in Denmark started in the 19th century, during a time of profound social and economic change. The Industrial Revolution had begun to transform the agricultural-based economy into one that was more industrial, but many people were still struggling with poverty and poor working conditions. Inspired by the cooperative ideas emerging in Europe, especially from the Rochdale Pioneers in England, Danish farmers and workers began to establish cooperative enterprises to gain collective bargaining power.

In 1850, the first Danish cooperative, the Danish Co-operative Wholesale Society (FDB), was founded by a group of small producers and consumers who aimed to provide high-quality goods at affordable prices. This model of cooperatives, where members have equal voting rights and share the profits, laid the foundation for what would become a broad cooperative network in Denmark.

2. Growth and Expansion (Late 19th to Early 20th Century)

The cooperative movement gained momentum in Denmark during the late 19th and early 20th centuries. As industrialization continued to spread, Danish society underwent significant urbanization, and workers faced increasing challenges related to their living and working conditions. The cooperative model began to appeal to more people as it offered an alternative to the exploitative practices of capitalist enterprises.

During this period, consumer cooperatives became a key focus. The FDB expanded its network of shops, offering a wide range of goods, including food, textiles, and household items, at fair prices. Additionally, agricultural cooperatives, which allowed farmers to pool their resources and share tools, equipment, and marketing efforts, began to take hold.

The Danish cooperative movement was strongly tied to labor movements, and cooperatives played a key role in supporting the working class. It was a period of political and social activism, with cooperatives being seen as vehicles for both economic independence and social justice.

3. Post-World War II Development (1945-1970s)

After World War II, Denmark saw a major expansion of the cooperative movement, driven by both social and economic factors. The war had highlighted the vulnerabilities of capitalist economies and the need for more resilient systems of production and distribution. As the Danish economy began to recover, cooperatives were seen as part of the solution to rebuilding and improving the welfare state.

During this period, cooperative housing and banking cooperatives flourished. The Cooperative Housing Association helped to provide affordable housing for many Danes, while cooperative banks offered favorable lending terms to individuals and businesses. Furthermore, consumer cooperatives continued to thrive, benefiting from the economic growth and increasing consumer demand for fairer and more affordable goods.

The role of cooperatives in Denmark during this era was central to the country's welfare state model, where social security, healthcare, education, and housing became universal rights for citizens. Cooperatives contributed to ensuring that these services were delivered efficiently and equitably.

4. Challenges and Adaptations (1980s-2000s)

The 1980s and 1990s marked a period of significant change for the cooperative movement in Denmark. Globalization and the rise of multinational corporations posed new challenges for cooperatives, which were increasingly faced with competition from larger, more powerful companies. Additionally, the traditional cooperative model struggled to maintain relevance in the face of a rapidly changing economic landscape, including technological advances and new consumer habits.

In response, Danish cooperatives began to adapt. Many cooperatives modernized their operations, adopting new technologies and management practices to stay competitive. Additionally, some cooperatives sought to diversify their offerings beyond traditional areas like food and agriculture, with cooperatives entering the tourism, renewable energy, and healthcare sectors.

While some traditional cooperatives faced decline, others found new life through mergers and innovations. For instance, FDB merged with several other cooperatives and changed its name to Coop Danmark, which remains one of the largest retail organizations in Denmark today.

5. Modern-Day and Future (2000s-Present)

The 21st century has brought about renewed interest in the cooperative model in Denmark. Modern cooperatives are responding to the new challenges of the global economy, sustainability, and social responsibility. The rise of environmental concerns has led many Danish cooperatives to focus on green energy, sustainable agriculture, and fair trade practices.

The digital economy has also created new opportunities for cooperatives, with platforms emerging in areas such as digital media, crowdfunding, and community-based apps. These new forms of cooperation highlight the flexibility and adaptability of the cooperative model in addressing contemporary issues, particularly those related to the environment and social justice.

Furthermore, Coop Danmark, as the largest and most well-known cooperative, has become a leader in sustainable practices, focusing on eco-friendly products, reducing waste, and supporting local farmers. The country's emphasis on cooperative principles, such as democratic governance and member participation, continues to influence its business culture, as the cooperative model is increasingly seen as a way to balance economic growth with social responsibility.

In Denmark, cooperatives are also seen as a means of social inclusion, offering opportunities for marginalized groups, including immigrants, low-income families, and disabled individuals, to actively participate in the economy and society.

The cooperative movement in Denmark has undergone numerous transformations since its inception, driven by economic, social, and political factors. From its early roots in rural agricultural communities to its modern incarnation as a major player in sustainable business and social welfare, the movement has proven to be adaptable and resilient. Today, Denmark's cooperative model continues to provide an alternative to traditional capitalism, offering a democratic and community-based approach to economic development. As global challenges, such as climate change and inequality, become increasingly pressing, Denmark's cooperative movement may play a crucial role in creating sustainable and socially responsible solutions for the future.

In Denmark, co-operation also spread in other spheres of economic activity in country. Some of the important types of societies developed in Denmark are: Co-operative Poultry Killing Stations, Cooperative Cattle Sale Societies, Co-operative Seed Supply Societies, Fruit Growers Co-operative Association, Co-operative Feeding

Stuff Societies and Cooperative Fertilizer Purchase Society. With a view to securing its continuity, promotion of member education has always been considered as one of the important jobs of the co-operative movement. The folk high schools have been since long instrumental in promoting co-operative education, co-operative conferences and gatherings often held at these high-schools. In 1932, the Danish Co-operative College was established by the Danish Co-operative Wholesale Society at Middelfort.

Hence, it was in Denmark that the full potential of this type (Agricultural Marketing and Processing Co-operatives) of Cooperatives was realized, and by the beginning of the 20th century virtually all the needs of the rural communities were met by co-operatives. In 1990 s The Danish Consumer Co-operatives represent a market share of roughly 33% of the national foodstuff and beverage consumption. In every town rural community found a co-operative supermarket or smaller shop and in many rural areas the only retail show at all was a cooperative.

The co-operative movement also resulted in a series of co-operative stores known as Brugsen, under the administration of the Danish Consumer Co-op. Society. The stores kept a large share of the Danish Consumer goods market. It merged with the similar retail chains in Norway and Sweden in January 2002 to form co-operative Norden.

6.1.5.1 Features of the Co-operative Movement in Denmark

1. Mainly agricultural and producer-oriented
2. Strong emphasis on dairy and farming co-operatives
3. Democratic management based on one member, one vote
4. Members supply produce compulsorily to the co-operative
5. Profits distributed according to quantity supplied
6. High degree of member loyalty and discipline
7. Use of modern technology and scientific farming
8. Strong education and training system
9. Close co-operation between co-operatives and the government

6.1.5.2 Types of Co-operatives in Denmark

1. **Dairy Co-operatives :** These are the most important co-operatives in Denmark. Farmers pool milk, process it into butter and cheese, and market it collectively. Denmark became famous for high-quality butter exports due to these co-operatives.
2. **Agricultural Marketing Co-operatives:** They market products such as eggs, bacon, meat, and grains, ensuring fair prices and stable markets for farmers.
3. **Credit Co-operatives:** These provide financial assistance to farmers for agricultural development and modernisation.
4. **Supply Co-operatives:** They supply seeds, fertilisers, machinery, and other farm inputs at reasonable prices.

5. **Housing and Consumer Co-operatives:** Though less dominant, these co-operatives meet housing and consumer needs

6.1.5.3 Denmark – Dairy Co-operatives

The co-operative movement in Denmark is regarded as one of the most outstanding success stories in the history of agricultural co-operation. Unlike Britain, where co-operatives took the form of consumer societies, or Germany, where the focus was on agricultural credit, Denmark's co-operative strength lay in the dairy sector. By uniting small farmers under the co-operative model, Denmark was able to transform its rural economy, improve productivity, and build an international reputation for high-quality dairy products.

During the mid-19th century, Danish farmers faced severe economic difficulties. Grain farming, which was their main livelihood, began to decline due to increasing competition from cheaper imports from countries like the United States and Eastern Europe. This crisis forced Danish farmers to diversify into livestock rearing and dairy farming, which had growing demand in European markets. However, individually, the small farmers lacked capital, modern machinery, and the ability to market their products competitively. This situation gave rise to the idea of co-operation as the best solution.

In 1882, the first co-operative creamery was established in Hjedding, which marked the beginning of the Danish dairy co-operative movement. The model quickly spread across the country, and within a few decades, co-operative creameries became the backbone of Danish agriculture. These creameries not only improved production and quality but also empowered farmers economically and socially. They became a model for other countries to follow and turned Denmark into a leading exporter of butter and cheese.

6.1.5.4 Functions of Dairy Co-operatives in Denmark

1. One of the most important functions of Danish dairy co-operatives was the processing of milk. Individual farmers, being small producers, could not afford modern machinery or scientific methods to process milk into butter, cheese, and cream. By pooling resources through co-operatives, they were able to set up creameries equipped with modern technology, ensuring large-scale, hygienic, and efficient processing. This not only improved the quality of products but also reduced wastage.
2. Another vital function was collective marketing. Dairy products produced by individual farmers had little bargaining power in the open market, especially in international trade. Co-operatives took over the task of marketing by selling butter, cheese, and other products in bulk, eliminating middlemen. This collective strength allowed farmers to receive better and more stable prices for their produce.
3. The co-operatives also played a major role in export promotion. Danish butter, in particular, gained a high reputation in Britain and other European countries. Through strict quality control and standardization, co-operatives

ensured that Danish products maintained uniformity, freshness, and purity. This helped Denmark establish itself as a leading exporter of dairy products, with co-operative branding becoming synonymous with reliability.

4. In addition to processing and marketing, Danish co-operatives emphasized quality control. Farmers were required to supply clean, fresh milk, and strict standards were maintained at creameries. Scientific testing of milk for fat content, cleanliness, and freshness was carried out regularly. This ensured that the final products met the high expectations of international buyers, strengthening Denmark's reputation in the global dairy market.
5. Another important function was farmer education and training. Co-operatives were not just economic institutions; they also became centers of knowledge. They introduced farmers to modern scientific farming, hygienic methods of milking, cattle breeding improvements, and efficient farm management. Agricultural schools and training programs supported by co-operatives created a more skilled and progressive farming community.
6. Finally, Danish dairy co-operatives also provided credit and support services to their members. By pooling resources, they could extend small loans, supply feed, machinery, and other inputs needed for efficient farming. This reduced farmers' dependence on moneylenders and encouraged long-term investment in better farming practices.

Denmark – Dairy Co-operatives at a Glance

1. **Origin:** First dairy co-operative creamery established in 1882 at Hjedding, Denmark.
2. **Reason for Growth:** Small-scale farmers needed collective strength for processing, marketing, and exports.
3. **Processing:** Co-operatives pooled milk to produce butter, cheese, and cream using modern machinery.
4. **Marketing:** Eliminated middlemen, sold products collectively, ensured better and stable prices.
5. **Exports:** Focused on international markets (especially Britain), Danish butter gained global reputation.
6. **Quality Control:** Maintained strict standards for milk purity, freshness, and fat content.
7. **Education & Training:** Spread scientific farming, hygienic milking, cattle breeding, and farm management practices.
8. **Support Services:** Provided credit, farm inputs, feed, and equipment to members.
9. **Impact:** Transformed Denmark into one of the world's leading dairy exporters.
10. **Significance:** A model of co-operative success, balancing farmer welfare with global competitiveness.

6.1.5.5 Achievements of the Danish Co-operative Movement

1. Transformed Denmark into a leading agricultural exporter
2. Improved income and living standards of farmers
3. Eliminated middlemen exploitation
4. Ensured quality control and standardisation
5. Promoted scientific farming and innovation
6. Created strong farmer unity and economic democracy

Thus the co-operative movement in Denmark stands as a remarkable example of how small farmers can achieve economic success through collective effort. By focusing on production, processing, and marketing, Danish co-operatives transformed agriculture into a highly efficient and export-oriented sector. The movement highlights the power of education, discipline, and democratic co-operation in national development.

Recap

- ◊ The co-operative movement in Great Britain originated during the Industrial Revolution to protect consumers from exploitation.
- ◊ The Rochdale Pioneers (1844) laid the foundation of the modern consumer co-operative movement.
- ◊ British co-operatives emphasized fair prices, pure goods, cash trading, and democratic control.
- ◊ The Co-operative Wholesale Society (CWS) strengthened consumer co-operatives through bulk purchasing and manufacturing.
- ◊ The co-operative movement in Germany developed mainly to solve the problem of lack of credit among farmers and small producers.
- ◊ Schulze-Delitzsch promoted urban credit co-operatives, while Raiffeisen developed rural agricultural credit societies.
- ◊ German agricultural credit co-operatives follow a strong three-tier federal structure ensuring financial discipline.
- ◊ The co-operative movement in Denmark is mainly producer-oriented, with special emphasis on dairy co-operatives.
- ◊ Danish dairy co-operatives focused on collective production, processing, quality control, and marketing of milk products.
- ◊ Together, the co-operative movements in Britain, Germany, and Denmark became global models for consumer, credit, and producer co-operation.

Objective Questions

1. Who were the Rochdale Pioneers?
2. When was the Rochdale Co-operative Society established?
3. Where did the co-operative movement originate?
4. Which principle ensures equal voting rights in co-operatives?
5. Who were the pioneers of the German co-operative movement?
6. Which type of co-operative is famous in Denmark?
7. What is meant by agricultural credit co-operative?
8. Which country is known as the birthplace of the co-operative credit movement?
9. What is the main aim of co-operatives?
10. Who promoted urban co-operatives in Germany?

Answers

1. A group of 28 weavers who started the first successful consumer co-operative in 1844.
2. In 1844.
3. In Great Britain.
4. Democratic control (one member, one vote).
5. Schulze-Delitzsch and Raiffeisen.
6. Dairy co-operatives.
7. A co-operative providing loans to farmers at reasonable rates.
8. Germany.
9. To promote mutual help and economic welfare of members.
10. Schulze-Delitzsch.

Self-Assessment Questions

1. Explain the meaning and features of co-operatives.
2. Describe the origin of the co-operative movement.
3. Explain the role of the Rochdale Pioneers.
4. Analyze the features of the British co-operative movement.
5. Describe the German co-operative movement.
6. Explain the structure of agricultural credit co-operatives in Germany.
7. Discuss the functions of agricultural credit co-operatives.
8. Explain the growth of the co-operative movement in Denmark.
9. Describe the features of Danish dairy co-operatives.
10. Analyze the importance of co-operatives in economic development.

Assignments

1. Design a rural and urban co-operative credit model by applying the principles of Schulze-Delitzsch and Raiffeisen
2. Analyze how different countries (Britain, Germany, Denmark) used co-operatives to solve economic problems and suggest which model is suitable for India

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Unit 2

Co-Operative Movement in China, Japan, USA and Canada

Learning Outcomes

After completing this unit, the learner will be able to;

- ◊ understanding the role of INDUSCO in China in promoting industrial co-operatives and supporting small producers
- ◊ gaining knowledge of the multipurpose co-operative system in Japan and its integrated services
- ◊ learning how Japanese co-operatives combine credit, marketing, supply, and consumer activities
- ◊ understanding the contribution of co-operatives in the USA to agricultural development and farmer empowerment
- ◊ analysing the importance of farmer-owned co-operatives in the USA for rural credit and marketing
- ◊ learning about the marketing co-operative model in Canada, especially for agricultural products
- ◊ comparing different co-operative models across China, Japan, USA, and Canada
- ◊ appreciating the role of co-operatives in promoting self-help, mutual aid, and economic democracy

Prerequisite

The co-operative movements in China, Japan, the United States, and Canada emerged in different historical contexts to address the unique economic and social challenges faced by their people, yet all were founded on the common principles of self-help, mutual aid, and democratic control. In China, the modern co-operative movement gained momentum with the establishment of INDUSCO (Industrial Co-operatives) in 1938, which aimed to promote small-scale and cottage industries, create employment, and support national self-reliance during a period of political and economic instability. In Japan, the co-operative movement, particularly the multipurpose agricultural co-operatives, was systematically reorganised after the Second World War under the Agricultural Co-operative Law of 1947, enabling farmers to access credit, marketing, supply of inputs, and consumer services through a single institution. In the United States, the co-operative movement began to develop in the late nineteenth century, especially after 1867, as farmers organised themselves into credit, supply, and marketing co-operatives to protect their interests, stabilise farm incomes, and counter the power of middlemen and large corporations. In Canada, the co-operative movement expanded mainly during the early twentieth century, with a strong emphasis on marketing co-operatives, particularly in agriculture, where farmers collectively marketed products such as wheat and dairy to secure better prices and stable markets. Collectively, these co-operative movements illustrate the global adaptability of co-operation as an effective instrument for economic development, social stability, and inclusive growth across diverse national contexts.

Keywords

Japan Agriculture Co-operation, Chinese Industrial Co-operation, INDUSCO

Discussion

6.2.1 Cooperative Movement in JAPAN

The Japanese Consumers' Cooperative Union(JCCU) is a national federation of consumer cooperatives that represents and serves consumer cooperative societies all throughout Japan. Its main operation is to supply food and other daily necessities to its members through store operations and home delivery services. Currently, its mission statement, "Ideals of the 21st Century," is to create a more humane and sustainable society through the efforts of the cooperative members in the form of business operations and through their involvement with the community.

6.2.1.1 History of Consumer Cooperatives in Japan

Cooperative societies in Japan were initiated during the era of Taisho democracy. In 1900, the Industrial Association Law was enacted and under its provisions consumer cooperatives like Nada Consumer Cooperative and Kobe Consumer Cooperative were formed. During the Showa period, cooperative movements came to a halt due to the increase economic control of the government and the compulsory military drafts for war. At the end of WWII in 1945, severe food shortages and inflation stimulated the growth and expansion of cooperatives once again. In 1948, the Consumer Cooperative

Law replaced the Industrial Association Law of 1900 which provided limitations on the operation of consumer cooperative societies within prefectures and prevented the merger of cooperatives across prefecture borders. In 1951, Toyohiko Kagawa founded the Japanese Consumers' Cooperative Union, or JCCU, which was established to represent and serve all the consumers' cooperative societies of Japan.

Early Beginnings (Late 19th Century)

The co-operative movement in Japan started during the late 19th century, influenced by Western co-operative models, particularly those from Germany. In 1900, the Industrial Co-operative Law was enacted, which legally recognized co-operatives and provided a framework for organizing them. These early co-operatives mainly focused on credit, mutual aid, and supporting small farmers and artisans, helping them escape dependence on moneylenders.

Growth in Agriculture (Early 20th Century)

During the early 20th century, co-operatives in Japan grew rapidly in the agricultural sector. Farmers began forming agricultural co-operatives for credit, supply of inputs, and marketing of produce. These organizations played a crucial role in modernizing farming methods, purchasing fertilizers collectively, and improving distribution systems. By the 1920s, co-operatives became an integral part of Japan's rural economy.

Expansion under State Control (Pre–World War II)

In the 1930s and 1940s, co-operatives came under increasing state influence as the government sought to use them for implementing its agricultural and economic policies. Many co-operatives were consolidated into larger units and placed under bureaucratic control. Though this reduced their independence, it strengthened their role in mobilizing resources for the war economy.

Post-War Reorganization (1947 onwards)

After Japan's defeat in World War II, the co-operative movement was restructured under the Agricultural Co-operative Law of 1947, which emphasized democratic management and farmer autonomy. The National Federation of Agricultural Co-operative Associations (ZEN-NOH) was formed, becoming the largest agricultural co-operative organization in Japan. Post-war co-operatives were vital in rebuilding the rural economy, stabilizing food supply, and improving farmers' income.

Diversification into Consumers' Co-operatives (Post-1950s)

Alongside agricultural co-operatives, consumers' co-operatives began to expand after the 1950s, particularly in urban areas. These co-operatives provided households with affordable daily necessities, safe food, and health services. University co-operatives also emerged to support students with food, books, and housing. By the 1980s, consumer co-operatives became a strong movement, focusing on food safety, environmental sustainability, and social welfare.

Modern Developments (Late 20th Century – Present)

Today, Japan's co-operative movement is one of the most developed in the world. Agricultural co-operatives, organized under JA Group, remain powerful in production, marketing, banking, and insurance. Consumer co-operatives, represented by the Japanese Consumers' Co-operative Union (JCCU), serve millions of households and are active in food safety, health care, and environmental protection. Worker co-operatives and health co-operatives have also grown, reflecting diversification.

The co-operative movement in Japan has evolved from small credit societies in the early 1900s to a vast network of agricultural, consumer, and worker co-operatives. It played a crucial role in rural modernization, post-war reconstruction, and ensuring food security. Today, Japanese co-operatives continue to embody the principles of self-help, mutual aid, and democratic management while adapting to new challenges in food safety, aging society, and sustainable development.

6.2.1.2 Features of the Co-operative Movement in Japan

1. Japanese co-operatives are multipurpose, serving credit, marketing, supply, and consumer needs.
2. They receive strong government support through laws and financial assistance.
3. Management is democratic, based on one member, one vote.
4. Members actively participate in decision-making and operations.
5. Farmers are required to market their produce through co-operatives.
6. Co-operatives are run with efficient and professional management.
7. They have a three-tier structure: primary, prefectural, and national levels.
8. There is a strong focus on education and training of members.
9. Co-operatives are integrated with rural and agricultural development.
10. They maintain financial discipline and stability.

6.2.1.3 Organisational Structure of Japanese Co-operatives

Japanese co-operatives, especially agricultural co-operatives (JA – Japan Agricultural Co-operatives), follow a **three-tier federal structure** to ensure efficiency, supervision, and member services.

(a) Primary Co-operatives

1. These are the **village- or local-level societies** that directly serve members.
2. They provide **credit, supply of inputs, marketing, processing, and consumer services**.
3. Members are directly involved in management through **general meetings**.

(b) Prefectural Federations

1. These are **regional organisations** that coordinate several primary co-operatives within a prefecture.

2. They provide refinance, technical support, training, and supervision.
3. They also handle larger-scale processing and marketing for efficiency.

(c) National Federations

1. These are the apex bodies at the national level.
2. They manage policy formulation, large-scale finance, exports, and coordination with the government.
3. They ensure uniform standards, financial stability, and strategic planning across all co-operatives.

6.2.1.4 Types Co-operatives in Japan

1. Agricultural Co-operatives (JA – Japan Agricultural Co-operatives)

Agricultural co-operatives are the most important and widely spread co-operatives in Japan. They were reorganised under the **Agricultural Co-operative Law of 1947** to support farmers comprehensively. These co-operatives provide a wide range of services, including agricultural credit, supply of seeds, fertilisers, machinery, and other inputs. They also purchase farm produce from members, process it, and market it both domestically and internationally. By offering insurance, training, and technical guidance, agricultural co-operatives ensure higher productivity, better income, and improved living standards for rural communities.

2. Credit Co-operatives

Credit co-operatives in Japan primarily function to provide financial support to farmers and rural members. They accept savings and deposits from members and provide short-term and long-term loans at reasonable interest rates. By offering affordable credit, these co-operatives reduce dependence on private moneylenders and help members invest in agricultural production, small-scale industries, and household needs. Their operations are usually integrated within the multipurpose agricultural co-operatives, ensuring coordinated financial services at the local and regional levels.

3. Consumer Co-operatives

Consumer co-operatives in Japan are formed mainly to supply daily goods and necessities to members at fair prices. They operate in both rural and urban areas and focus on reducing the cost of living, ensuring quality products, and preventing exploitation by private traders. Members can participate in decision-making and management, and profits or surpluses are generally used for improving services or redistributed among members. Consumer co-operatives are often linked with agricultural co-operatives to provide processed food products and other essentials.

4. Fisheries and Forestry Co-operatives

Fisheries and forestry co-operatives are established to support fishermen, aquaculture farmers, and forest workers. These co-operatives help members with credit, marketing, supply of inputs, and technical advice. They play a crucial role in ensuring that fishermen and forest workers get fair prices for their produce, maintain sustainable practices, and access modern equipment. Like agricultural co-operatives, they follow the multipurpose model to integrate several functions and strengthen rural economies in coastal and forest regions.

6.2.1.5 Multipurpose Co-operatives in Japan

In Japan, the co-operative movement grew strongly after the Second World War, focusing mainly on agriculture, rural development, and consumer welfare. Among these, the Multipurpose Agricultural Co-operatives (Nōkyō) became the backbone of Japan's co-operative structure. They combined various economic and social services under one roof, earning the name multipurpose co-operatives.

6.2.1.6 Historical Background

1. Japan's co-operative ideas started in the early 20th century but expanded rapidly after 1945.
2. Post-war reconstruction required organizations that could simultaneously handle credit, input supply, marketing, and social services for rural communities.
3. The Agricultural Co-operative Law of 1947 provided the legal foundation for these co-operatives.

6.2.1.7 Features of Multipurpose Co-operatives in Japan

1. **Integrated Approach:** They perform multiple activities such as credit, marketing, supply of inputs, and consumer goods.
2. **Agricultural Services:** Provide fertilizers, seeds, machinery, and technical assistance to farmers.
3. **Marketing Facilities :** Help farmers market rice, vegetables, dairy, fishery, and other products.
4. **Credit & Banking:** Act as rural banks, giving loans and savings facilities through networks like the Norinchukin Bank.
5. **Consumer Services:** Supply household goods, insurance, health services, and education to members.
6. **Democratic Structure:** Managed by elected representatives, ensuring equal participation.
7. **Community Development:** Apart from economic services, they support welfare, education, and cultural activities in rural areas.

6.2.1.8 Achievements

1. Became the largest co-operative system in the world, with over 90% of farmers enrolled.
2. Played a major role in Japan's Green Revolution and post-war food security.
3. Strengthened rural credit and marketing systems, reducing dependence on moneylenders and middlemen.

4. Helped in **modernizing Japanese agriculture** by promoting mechanization and scientific methods.
5. Extended services beyond farming to **health, insurance, and community welfare**, making them true multipurpose institutions.

6.2.1.9 Significance

1. Ensured economic stability and social security for Japanese farmers.
2. Served as a model of integrated rural co-operatives for other Asian countries.
3. Contributed to balanced national development by uplifting rural communities alongside industrial growth.
4. Promoted the co-operative spirit of mutual help, democratic participation, and collective progress.

Multipurpose co-operatives in Japan successfully combined agricultural, financial, marketing, and welfare services within a single organization, making them central to Japan's rural and economic development. They remain one of the strongest examples of co-operative success in the world.

6.2.2 Co-operative Movements in China

The history of the Cooperative Movement in China began a quarter of the way into the 20th century, when Chinese modernizers and sympathetic foreigners promoted cooperatives as a tool for reforming the Chinese economy. This accelerated during the Guomindang's peak control of the country in the 1930s, when cooperatives were a significant plank of the Guomindang's development policy. After the Communist Revolution, cooperatives became the first form by which the Chinese economy was brought under socialist principles in the 1950s. Even after Reform and Opening-up, cooperatives remain a significant part of the modern Chinese economy. The various stages of the history of co operative movement in China is as follows : -

1. Early Origins and Republican Period (Late 19th Century – 1949)

The co-operative movement in China has its earliest roots in the late 19th and early 20th centuries, influenced by Western co-operative thought and the experiences of neighboring Japan. During this period, China was largely rural and agrarian, with farmers facing poverty, high interest rates from moneylenders, and a lack of access to credit and markets. To address these issues, small-scale co-operatives were first experimented with in the 1920s, often promoted by reform-minded intellectuals and foreign advisers. Under the Nationalist Government (Kuomintang), efforts were made to expand rural credit and supply co-operatives. By the 1930s, thousands of small co-operative societies had been formed in agriculture, handicrafts, and credit. However, these co-operatives suffered from weak management, corruption, and a lack of state support, while political instability, the Japanese invasion, and civil war prevented them from achieving large-scale success. Despite these challenges, this period laid the groundwork for later co-operative development by familiarizing Chinese farmers and policymakers with the concept of collective economic action.

The early adoption of co-operatives in China was encouraged by both foreign advisors and local reformers, laying the foundation for the post-revolutionary development of collective farming.

2. Co-operatives under the Early People's Republic (1949 – Mid-1950s)

With the establishment of the People's Republic of China in 1949, the Communist government made co-operatives a central part of its socialist transformation of the countryside. The state promoted mutual aid teams among peasants, encouraging them to pool their labor, animals, and tools for collective farming on privately owned plots of land. These teams were voluntary at first, but by the early 1950s, they were gradually transformed into elementary agricultural producers' co-operatives, where land and resources were collectively managed though ownership remained individual. By the mid-1950s, the government pushed for the creation of advanced producers' co-operatives, where private ownership of land was abolished, and collective ownership became dominant. These developments were justified on ideological grounds, as the Communist Party sought to eliminate feudal exploitation and promote socialist production, but they also reflected practical needs to increase agricultural productivity and mobilize resources for national industrialization.

3. Collectivization and the People's Commune Era (1958 – 1978)

The most radical phase of China's co-operative movement came with the creation of **People's Communes** during the Great Leap Forward in 1958. At this stage, the co-operative movement was merged with state planning to form giant collective units that combined agriculture, small industry, education, and military functions under one administrative structure. Communes were responsible for almost every aspect of rural life, from farming to healthcare, and individual households lost almost all economic autonomy. While communes were meant to increase efficiency and mobilize collective labour for large-scale projects, they often led to inefficiencies, poor incentive structures, and serious food shortages, including the devastating famine of 1959–61. Throughout the 1960s and 1970s, communes remained the backbone of rural organization, but they operated more as extensions of the state rather than true member-controlled co-operatives. This period marked a departure from the principles of voluntary, democratic co-operation, and instead highlighted the dangers of excessive state control.

4. Reform and Reorganization of Co-operatives (Post-1978)

After Mao Zedong's death in 1976, China entered a new reform era under the leadership of Deng Xiaoping. The rigid commune system was dismantled beginning in 1978, and the Household Responsibility System was introduced, returning decision-making power over production and income to individual families while maintaining collective ownership of land. In this new environment, traditional communes disappeared, and co-operatives were restructured into more voluntary and market-oriented forms. Farmers began to organize new co-operatives for input supply, marketing, processing, and credit services. These "new-type co-operatives" were different from the old state-controlled organizations because they operated on principles closer to international co-operative norms—voluntary membership, democratic decision-making, and shared benefits. During this phase, co-operatives became important intermediaries that allowed small farmers to compete in emerging markets, gain access to modern technology, and achieve economies of scale.

5. Modern Developments and the Rise of Farmers' Professional Co-operatives (2000s – Present)

In the 2000s, the Chinese government gave fresh impetus to the co-operative movement by passing the Farmers' Specialized (Professional) Co-operatives Law in 2007, which provided a legal framework for organizing modern co-operatives. These new organizations focused on helping farmers collectively purchase inputs, access credit, adopt new technologies, and market their produce more effectively. Unlike the communes of the Maoist period, the new co-operatives are voluntary, flexible, and often formed around specific crops or products such as tea, fruits, vegetables, or livestock. They also receive government support in terms of subsidies, training, and preferential policies, making them both grassroots organizations and instruments of state-led rural modernization. Today, millions of such co-operatives exist, covering nearly every aspect of rural economic life. In addition to agricultural co-operatives, urban consumer co-operatives, health co-operatives, and worker co-operatives are gradually gaining importance, though agriculture remains the dominant focus.

The history of the co-operative movement in China reflects the country's broader social and economic transformations. From small, scattered rural credit societies in the Republican era, to the state-controlled communes of Mao's time, and finally to the modern market-oriented Farmers' Professional Co-operatives, the movement has continually adapted to changing political and economic conditions. While earlier phases often compromised true co-operative principles due to heavy state control, the post-reform period has seen the emergence of more genuine, member-oriented co-operatives that combine self-help with government support. Today, Chinese co-operatives play a vital role in rural modernization, poverty alleviation, and sustainable agricultural development, making them an essential part of the nation's economic and social fabric.

Thus Co-operative Movement in China – At a Glance

1. Early Origins (1900s–1949)

a. First co-operatives appeared in the 1920s, mainly in agriculture and rural credit.

b. Encouraged under the Nationalist Government, but remained weak due to war and instability.

2. Early People's Republic (1950s)

a. After 1949, the Communist government promoted mutual aid teams and agricultural producers' co-operatives.

b. Gradual move from small voluntary groups to larger collective farms.

3. Communes and Collectivization (1958–1978)

a. During the Great Leap Forward, co-operatives were absorbed into People's **Communes**.

b. Covered all aspects of rural life but became rigid, inefficient, and state-controlled.

4. Reform Era (Post-1978)

a. Communes dismantled; Household Responsibility System restored family-based farming.

b. "New-type co-operatives" emerged for supply, marketing, and credit on a voluntary basis.

Modern Phase (2007–Present)

a. Farmers' Specialized Co-operatives Law (2007) gave legal recognition and support.

b. Millions of Farmers' Professional Co-operatives now operate, helping smallholders access markets, credit, and technology.

6.2.2.1 Chinese Industrial Cooperatives

Chinese Industrial Cooperatives (CICs) were organizations established by a movement, involving various Western expatriates, to promote grassroots industrial and economic development in China. The movement was led through the Chinese Industrial Cooperative Association (CICA or Indusco) founded in 1938. Its international arm the International Committee for the Promotion of Chinese Industrial Cooperatives (ICCIC, also known by the nickname Gung Ho International Committee) was founded in 1939 in Hong Kong to promote cooperatives in China.

The movement was especially active in the 1930s and 1940s with bipartisan support from both the left and right wings of Chinese politics. The movement disappeared after the 1950s due to suppression by the People's Republic of China government, but CICA and ICCIC were revived in the 1980s and are still active today. In the English-speaking world, the industrial cooperatives' best known legacy is its nickname Gung Ho meaning "working together", which led to the word 'gung-ho'.

The Gung Ho (literally "work together") movement was first initiated in Shanghai in 1937. Some of the principal organizers were Rewi Alley of New Zealand, Edgar Snow, Nym Wales (Helen Foster Snow), and Ida Pruitt of the USA, as well as a group of Chinese including Hu Yuzhi and Sha Qianli. In August 1938, the CICA was established. It was founded in the wartime capital Hankow when China was engaged in the War of Resistance against Japan. Through the sponsorship of Madame Chiang Kai shek, Finance Minister Dr. H. H. Kung supplied government financial support.

The movement aimed to organize unemployed workers and refugees, increasing production to support the war effort. The goal was to replace industrial capacity lost to bombing by dispersing and giving workers voting shares in their CICs. The CICA organized small scale self-supporting cooperatives, mainly in rural areas, to create employment for workers and refugees and produce goods for the war effort. In January 1939, the international arm ICCIC was established in Hong Kong. Ms. Soong Chingling was elected honorary chair and the Anglican Bishop of Hong Kong, the Right Rev. Ronald O. Hall to be chair, and Dr. Chen Hansheng was appointed as secretary general.

In 1941, the Gung Ho movement reached its peak: around 3 000 cooperatives with a combined membership of nearly 300 000 people were functioning. Their factories produced more than 500 products for the local people, and a large number of blankets, uniforms and other army supplies for the battlefront. Ida Pruitt toured the United States to raise substantial financial support. The unique role of Gung Ho cooperatives in the war also won such international acclaim that the term "gung-ho" became a famous slogan of the U.S. Marine Corps, and entered the English language as a term denoting whole-hearted dedication to a meaningful cause. Both the Nationalist government of Chiang Kai-shek and the Communist movement of Mao Zedong supported the movement and tried to control it. Alley placated the Nationalists but his sympathies and eventual loyalties were to the emerging Communist government. In 1942, Alley was dismissed from Gung Ho by the government of Chiang Kai-shek. After Mao's victory in 1949 Alley stayed in China, but there was no need for the CICA and ICCIC. Both CICA and ICCIC suspended their works in 1952.

6.2.2.2 INDUSCO (Chinese Industrial Cooperatives Movement)

The **Chinese Industrial Cooperatives Movement (CICs)**, popularly known as **INDUSCO**, was a remarkable co-operative initiative that began in **1937** after the outbreak of the **Sino-Japanese War**. It was founded to meet the urgent needs of China's war economy by organizing small-scale industries based on co-operative principles. The slogan of the movement was **"Gung Ho"**, meaning *"Work Together"* in Chinese.

6.2.2.3 Historical Background

1. In 1937, when Japan invaded China, millions of people were displaced from their homes and lost their livelihoods.
2. Industrial centers were destroyed, and China lacked adequate resources to fight back.
3. To overcome unemployment, poverty, and wartime economic crisis, the **Industrial Cooperatives** were formed to mobilize local labor, skills, and resources.
4. The movement was initiated with the help of **Rewi Alley** (a New Zealander), **Edgar Snow** (an American journalist), and **Madame Sun Yat-sen**.

6.2.2.4 Objectives of INDUSCO

1. To provide employment for refugees, women, handicapped, and unemployed people during wartime.
2. To develop small-scale industries using local raw materials and traditional skills.
3. To support the war efforts by producing essential goods like uniforms, shoes, blankets, farm tools, and simple machinery.
4. To encourage the spirit of self-reliance, mutual aid, and co-operation among Chinese people.
5. To rebuild China's economy on the foundation of people's participation and co-operative principles.

6.2.2.5 Organization and Structure

1. The movement was guided by the Chinese Industrial Cooperative Association, which coordinated activities across the country.
2. Membership was open to workers, craftsmen, and local communities willing to join collectively.
3. Co-operatives were usually small-scale workshops, run by workers themselves with democratic decision-making.
4. The guiding principle was "Gung Ho" – Work Together.

6.2.2.6 Achievements of INDUSCO

1. By the early 1940s, there were about 3,000 industrial co-operatives across China employing more than 30,000 workers.
2. They produced war-related goods like uniforms, blankets, shoes, tools, and other daily necessities.
3. The movement provided livelihood to thousands of displaced people, especially women and refugees.
4. It promoted the co-operative spirit in China by encouraging teamwork and democratic management.
5. It gained international support from organizations and governments, particularly from the United States and Britain.
6. The movement became a symbol of resistance against foreign domination and an inspiration for self-reliance.

6.2.2.7 Decline of INDUSCO

1. After World War II ended in 1945, many co-operatives lost their significance as large industries revived.
2. Political instability during the Chinese Civil War and later state-controlled industrialization under the Communist government reduced the importance of INDUSCO.
3. By the early 1950s, most of the co-operatives were either dissolved or merged into state enterprises.

6.2.2.8 Significance of INDUSCO

1. It was the first large-scale industrial co-operative movement in China.
2. It combined economic production with social welfare, giving employment and dignity to the displaced and poor.
3. The movement highlighted the power of co-operatives in national defense and reconstruction.
4. It became an inspiration for co-operative development in other Asian and developing countries.
5. The spirit of "Gung Ho" continues to be remembered as a symbol of teamwork

and co-operation.

6. The INDUSCO Movement was not just a wartime necessity but also a pioneering experiment in applying co-operative principles to industrial development. Though it declined after World War II, its contributions to employment generation, self-reliance, and social unity remain significant in the history of global co-operative movements.

Revival

The CICA was revived in 1983, and the ICCIC was revived in 1987 in Beijing by Alley and other former Gung Ho leaders. The reorganized ICCIC registered with the Ministry of Civil Affairs of People's Republic of China as an international non-profit organization. Zhu Xuefan was elected as honorary chair and Alley as chair.

The main task of the revived ICCIC is the promotion of cooperatives in China. Membership is open to all individuals and organizations who support the cooperative movement. The committee has approximately 100 members from China, Australia, Germany, Belgium, France, Japan, Mexico, Singapore, the United Kingdom, the United States of America, and Hong Kong. The ICCIC's General Assembly of all members meets every five years. The Executive Board elected by the Assembly is responsible for decision-making on major issues according to its articles of association during the adjournment of the Assembly. A secretariat is set up to handle day-to-day work.

6.2.3 Co-operative Movement in Canada

The co-operative movement in Canada has a long and diverse history, shaped by the country's rural traditions, immigrant influences, and economic challenges. Co-operatives emerged as a response to the problems faced by farmers, workers, and consumers—such as exploitation by middlemen, lack of credit facilities, and the need for fair markets. Over time, Canadian co-operatives grew to cover agriculture, credit, insurance, housing, fisheries, and consumer needs. Today, they play a significant role in Canada's economy and society, with millions of members across provinces.

The cooperative movement in Canada is a social and economic movement that started in the middle of the 19th century and continues until today. During the Great Migration of Canada many British people as well as citizens from other European countries immigrated to Canada with new ideas of cooperative enterprises. Starting with unsuccessful attempts but inspired by examples from British cooperative movement as well as fast development of Canada as a state, cooperative movement became one of the important events in Canadian economic history.

Industrialization led to the emergence of large centralized factory systems in urban centres. These systems disrupted the existing crafts system and many Canadian craftsmen lost their power in the market very quickly. As a consequence many craftsmen became poor or lost their jobs. This made craftsmen to start to unite in small cooperative enterprises to provide themselves power to control their business and products they couldn't afford otherwise. That's how cooperative movement began:

The crafts system, that was basically located in local homes and villages, was completely undermined and disrupted. The concentration of workers in large centralized factory systems in the urban centres entailed a massive migration of people from the countryside to over-crowded cities... The kind of power that a craftsman might have over his work and how it was sold and the price he got for it was, overnight, undermined by a weight system that really impoverished a huge number of people. It also created an enormous amount of unemployment... So if you put these factors together you had a response and a reaction to that, and part of that was the co-operative movement.

In the middle of the 19th century, Canada went through big events in its history. After a series of rebellions, the British government by the Act of Union in 1840 united the Lower and Upper Canada into the United Province of Canada. After eight years Canada achieved a responsible government.

British ideas of cooperatives flowed into Canada and the first attempts of establishing new marketing cooperatives occurred around the 1840s. However, most of them were unstable and failed. The first recorded consumer cooperative was organized at Stellarton, Nova Scotia, in 1864. In the same year there are records that the first cooperative bank was organized in Prince Edward Island in North Rustico. During the 1880s with the support of Knights of Labor trade union, some worker cooperatives emerged.

These early attempts took place before there were any specific cooperative legislation or accepted international principles. This allowed cooperative members to create their own agile company law to follow, which was very important in the early stages of development.

6.2.3.1 Rural Co-operatives

Agricultural movements were the first successful cooperative movements in Canada. The dairy industry had a lot of opportunities because many farmers had excessive production of milk. Between 1860 and 1900 not without help of Canadian Pacific Railway there were developed over 1200 cooperative creameries and cheese factories in Ontario, Québec and Atlantic Canada.[2][3] With reefer ships becoming more common cheese became a major export to Great Britain.

In Prairie Canada farmers led by Edward Alexander Partridge organized the Grain Growers' Grain Company in 1906. Their aim was to market directly to millers and European buyers. Patridge had strong beliefs in cooperation as a weapon against "the financial buccaneers" that could bring "an industrial millenium." Before World War I many other farmer cooperatives appeared in different branches of the agricultural industry, such as fruit, livestock, and tobacco. In particular, the Saskatchewan Co-operative Elevator Co. appeared in 1911 and the Alberta Farmers' Co-operative Elevator Co.

Rural cooperatives had a huge influence in political area. Among the main movements were the Patrons of Husbandry (1870s), the Patrons of Industry (1890s), Progressive movement (1914-1930), the western branches of the Co-operative Commonwealth Federation and Social Credit Party of Canada (both in the 1930s)

During World War I rural cooperatives expanded rapidly due to consumer demand for cheaper food. Moreover, farmers explored new ways of marketing and cooperative ways of saving and borrowing money. Cooperatives who experienced bigger growth included the new multipurpose Co-operative Fédérée (established 1910 in Quebec), and United Farmers' Co-operative (established 1914 in Ontario).

By 1919 as farmers wanted to control the marketing of their products more, they were drawn in a system so-called "cooperative pooling". The principle of the system was to sign contracts with cooperative members to sell all their products through their cooperative. In return members would receive dividends. According to these principles farmers of Prairies organized wheat pools in the 1920s. Similarly, in the Okanagan, the grower-owned BC Tree Fruits Cooperative was established in 1936 to sell, store, and package fruit.

6.2.3.2 Consumer Cooperatives

Early consumer cooperatives were created by immigrants from Europe who brought new economic ideas with them. They were British, Finnish, Italian, and Ukrainian workers, most commonly in the mining towns of Cape Breton, Northern Ontario, the Rocky Mountains and Vancouver Island.[3] The British consumer theory of cooperation dominated.

The consumer movement was supported by the Cooperative Union of Canada that was organized in 1909 and particularly by its General Secretary, George Keen.

In mining communities one of the most successful stores was the British Canadian Co-operative Society in Sydney Mines. Started by recent arrivals from Britain, it strictly followed the Rochdale system. In 1908 it created an educational fund. Within 30 years the society was prospering; in 1938 it had nearly 3500 members and gross annual sales of 3 million dollars. From 1917 it was one of the largest consumer co-operatives in North America.

There was an adoption of Brotherhood economics, created by Toyohiko Kagawa, within cooperatives in Atlantic Canada from 1910 to 1940. Initiatives were undertaken to establish Women's Co-operative Guilds, recognizing the potential of women to bolster the cooperative movement. While efforts were made to enhance women's participation, including programs like the "Women's Work" Program and "The Woman with the Basket" initiative, aimed at increasing their involvement, women encountered obstacles in attaining formal decision-making roles and equitable authority within cooperatives. Despite some advancements, such as the appointment of female delegates to the Congress of Nova Scotia Co-operative Societies in 1944, women's integration into decision-making processes within cooperative organizations remained challenging overall.

6.2.3.3 Financial Cooperatives

In 1900 Alphonse Desjardins founded a banking cooperative or his first caisse populaire in Quebec that now is known as Desjardins Group. Using connections within the Roman Catholic Church and with key political figures Alphonse created a foundation for this movement before his death in 1920.

Desjardins was an official reporter of debates in the House of Commons. Pursuing ethical goals of movement, he included, as a condition of membership in his societies, the rules that obligate each member to be "punctual in his payments", "sober", "of good habits", "industrious", and "scrupulously honest". He cooperated with another leader of movement, Frederick Debartzch Monk, a Conservative Member of Parliament from Montreal to introduce seven bills for co-operative legislation between 1906 and 1911. The second bill from these led to the creation of a Parliamentary committee on co-operation. The third bill with the help of newly established committee passed the House of Commons but was defeated on the third reading in the Senate by a margin of one vote. These proceedings encouraged even more interest in co-operation in Canada.

During the 1930s financial cooperatives in particular the credit unions gained huge support from the Antigonish movement through Jimmy Tompkins. In 1931 he made Roy Bergengren of the Credit Union National Association to present the value of co-operative credit societies. Within one year a credit union act had been passed. From 1933 with the first appearance of credit unions in Nova Scotia the wave of cooperative banking spread over Maritimes. By 1939 there were 148 credit unions in Nova Scotia, 68 in New Brunswick, and 37 in Prince Edward Island. The Nova Scotian League with many other credit union leagues emerged in the late 1930s. It later joined the Credit Union National Association in the United States, and as a response to that, the nationalist group from Acadians soon developed their own credit union central and insurance company.

The movement got even more power with the appearance of insurance and trust companies in the 1940s and 1950s in Quebec, Ontario and Saskatchewan

6.2.3.4 Fishing cooperatives

East Coast fishing cooperatives were started in the 1920s. These cooperatives found themselves in a difficult marketing situation and were not stable in maintaining an effective united front to their industry competitors. Hardly organized and despite support from Antigonish movement, in the 1970s and 1980s the cooperatives were not able to show the federal government the need to protect the fisheries they were worked in. This led to a rapid decline in fishing stocks and the destruction of these fisheries in the 1980s.

West Coast fishing cooperatives began at about the same time. In contrast, with the help of fishing unions, they had a strong associational spirit.

Father Jimmy Tompkins and Father Moses Coady, leaders of the Antigonish movement, put a huge effort to help fishing communities in the Maritimes, in particular, in Nova Scotia and New Brunswick. Between 1918 and 1933 the marketed value of fish products sold by these communities fell by 50%. By lobbying Tompkins and Coady got attention of government on the situation and soon Coady was employed by the Department of Fisheries as an organizer of fishing co-ops. Having great success due to his prior investigation of international experience and good organizational skill, Coady influenced the establishment of the United Maritimes Fisheries.

Another large fishing cooperative located in Prince Rupert on the northern coast of British Columbia was the Prince Rupert Fishermen's Co-operative Association. Its leaders became important figures in the Canadian movement generally and its general manager, Ken Harding, became an international leader in the cooperative fishing world

6.2.3.5 Health Cooperatives

The need for proper health services was common in Canada, especially in lands with low population density. This caused some rural cooperatives to make arrangements with doctors for their members as early as the 1920s. In the 1960s, inspired by the Beveridge report that British government started to implement after World War II, the Canadian government introduced universal health care in Saskatchewan. This led to strikes of the province's doctors, and cooperatives health clinics started to appear in Saskatoon.

Further development of cooperatives began also outside of Saskatchewan, but it was hard to organise cooperative health clinics with a health system financed by the government. In recent years, interest in health cooperatives has increased with rising of health care costs. Now, around 60% of all health coops in Canada are situated in Quebec.

6.2.3.6 Worker Cooperatives

After unsuccessful attempts of the Knights of Labour to develop worker coops in the 1880s, there were several local provincial efforts in the twentieth century. Samuel Carter who became a first president of the Co-operative Union of Canada together with George Keen were impressed by labour co-operatives and tried to create one in Guelph in 1910, where he owned a knitting mill and further was a major in 1913–1914. In spite of his huge power in the city his attempt failed.

George Keen strongly propagated worker cooperatives throughout Southern Ontario, with the following message:

Labour co-partnership is the one remedy for industrial war. It is the only principle which on an equitable basis harmonizes completely and effectually the conflicting interests of labour and capital. It is the one method of production which makes strikes virtually impossible, for no man is anxious to strike against himself and jeopardize the integrity of his own capital in the process.

- George Keen

Only during economic expansion after World War II did ideas of worker cooperatives start to be taken seriously. The largest ones appeared in Quebec forestry industries and they remain this way until today.

In the 1960s and 1970s worker cooperatives began to appear in Montreal, Toronto, Vancouver and Victoria. They helped to develop similar coops in many areas of industry including energy, bakeries, tourism, crafts, restaurants and some social services.

6.2.3.7 Stages in the History of Canadian Co-operatives

Stage 1: Early Beginnings (Mid-1800s – Late 1800s)

1. **Introduction of Co-operative Ideas**: The roots of Canadian co-operatives trace back to European immigrants, particularly the British and French settlers, who brought with them the Rochdale model of co-operation.
2. **Agricultural Co-ops**: Farmers began forming co-operatives to pool resources for purchasing farm supplies and selling produce collectively.
3. **Credit Needs**: Lack of rural credit institutions encouraged early attempts at credit unions.
4. **Feature**: Small, localized, and mostly informal associations based on mutual help.

Stage 2: Growth of Agricultural and Consumer Co-operatives (Late 1800s – Early 1900s)

1. **Farmer Co-ops**: Western Canadian farmers formed grain marketing co-operatives to fight against exploitation by railways and grain traders.
2. **Consumer Co-ops**: Inspired by the Rochdale model, consumer co-ops appeared in small towns, selling household essentials at fair prices.
3. **Dairy and Fisheries Co-ops**: Established to process milk and fish collectively for better returns.
4. **Feature**: Organized attempts at co-operative marketing, supply, and consumer services.

Stage 3: Rise of Credit Unions (Early 1900s – 1930s)

1. **Alphonse Desjardins Movement:** In 1900, **Alphonse Desjardins** founded the first credit union in Lévis, Quebec.
2. **Expansion of Credit Co-ops:** Credit unions spread across Quebec and later into other provinces, offering small loans and savings facilities.
3. **Feature:** Provided financial inclusion for farmers, workers, and low-income groups, reducing dependence on moneylenders and banks.

Stage 4: Depression and Government Support (1930s – 1940s)

1. **Impact of the Great Depression:** The economic crisis created unemployment, poverty, and debt, which strengthened the co-operative cause.
2. **Government Recognition:** Provinces began passing **co-operative legislation** to regulate and promote co-ops.
3. **Co-operative Commonwealth Federation (CCF):** A political party supporting co-operative principles emerged in 1932 (later became the New Democratic Party, NDP).
4. **Feature:** Institutional support for co-ops; rapid expansion in credit unions, insurance, and supply co-ops.

Stage 5: Post-War Expansion (1940s – 1970s)

1. **Agricultural Marketing Boards:** Co-ops in grains, dairy, poultry, and fish became central to Canadian agriculture.
2. **Insurance and Housing Co-ops:** Farmers and workers created co-operative insurance companies; urban areas saw the rise of housing co-operatives.
3. **Federations:** Provincial and national federations were formed to unite local co-ops (e.g., Co-operators Insurance, Federated Co-operatives Limited).
4. **Feature:** Diversification into multiple sectors with strong federated structures.

Stage 6: Modern Era (1980s – Present)

1. **Diversification**: Co-ops expanded into retail, health care, renewable energy, and community development.
2. **Strong Credit Union System**: Desjardins (Quebec) and other credit unions became among the largest financial institutions in Canada.
3. **Social Economy Role**: Co-ops contribute not only economically but also to social goals like sustainability, community development, and equality.
4. **Feature**: Highly organized, technology-driven, and socially responsible co-operative sector.

The history of the co-operative movement in Canada reflects a gradual transformation from small, local initiatives into a powerful national system influencing agriculture, finance, retail, and social welfare. Each stage of development—from early farmer groups to modern diversified co-operatives—shows how co-operation became an essential instrument for both economic growth and social justice in Canadian society.

6.2.3.8 Marketing Co-operatives in Canada

Marketing co-operatives in Canada have played a vital role in strengthening the agricultural sector by enabling farmers to collectively market their produce, secure better prices, and gain more control over the distribution chain. They originated in the early 20th century, when farmers, particularly in the Prairie Provinces, faced serious challenges such as unstable markets, fluctuating prices, and exploitation by private middlemen. By coming together to form co-operatives, producers could pool their resources, reduce transaction costs, and negotiate fairer terms in domestic and export markets. Among the most notable examples are the wheat pools established in the 1920s, such as the Alberta Wheat Pool, Saskatchewan Wheat Pool, and Manitoba Wheat Pool, which allowed farmers to sell grain collectively, stabilize prices, and ensure fair returns. Over time, Canadian marketing co-operatives diversified beyond grains to include dairy, poultry, fisheries, fruits, vegetables, and forestry products, offering not only marketing services but also storage, processing, grading, transportation, and export facilities. They helped farmers move up the value chain by adding processing units like creameries, fruit-packing plants, and meat-processing facilities, thereby capturing more value from their produce. These co-operatives also provided farmers with bargaining power in both domestic and international markets, ensuring that Canadian agricultural products reached wider markets under competitive terms. Although many traditional wheat pools later evolved into large agribusiness firms due to globalization and market liberalization, marketing co-operatives continue to be significant in sectors such as dairy (e.g., Agropur), poultry, and horticulture, where they combine the principles of democratic ownership with modern business practices. Overall, marketing co-operatives in Canada have been instrumental in stabilizing farm incomes, promoting rural development, and shaping the growth of Canadian agriculture through collective effort and community-driven enterprise.

Marketing co-operatives in Canada play a vital role in helping farmers, fishermen, and other producers bring their goods to market more effectively and profitably. These co-operatives are formed when producers join together to collectively process, promote, and sell their products. By pooling resources, they are able to access wider markets, secure better prices, reduce costs, and strengthen their bargaining power against large private firms and intermediaries. In Canada, marketing co-operatives have historically been most prominent in agriculture, dairy, fisheries, and forestry, sectors where small and medium-scale producers often faced challenges in competing with larger corporations.

One of the primary functions of Canadian marketing co-operatives is collective marketing. Instead of producers individually trying to sell their output, the co-operative organizes centralized selling, branding, grading, packaging, and distribution. This ensures uniform quality, greater visibility in the market, and more stable prices. For example, dairy marketing co-operatives like Dairyland and Agropur are significant players in the Canadian dairy industry, handling milk collection, processing, and product branding on behalf of their farmer-members. Similarly, fishery co-operatives in Atlantic Canada allow fishermen to market their catch collectively, negotiate better terms, and develop processing facilities that individual fishermen could not afford.

Another important contribution of marketing co-operatives in Canada is their role in value addition and innovation. By investing in processing plants, storage facilities, and product development, these co-operatives enable their members to move beyond raw material sales and tap into higher-value markets. They also promote education and training, ensuring producers understand market demands and adopt modern techniques. Over time, marketing co-operatives have also become important advocates for farmers and producers, representing their interests in government policies, trade negotiations, and supply management systems. Their continued success demonstrates the resilience of the co-operative model in ensuring fair returns, community development, and sustainable economic growth.

6.2.3.9 Objectives of Marketing Co-operatives

1. To secure fair and stable prices for producers.
2. To eliminate middlemen and ensure direct access to consumers.
3. To provide facilities for grading, standardization, and quality control.
4. To undertake collective branding, advertising, and promotion.
5. To invest in processing, storage, and transportation facilities.

6. To strengthen the economic position of producers by enhancing bargaining power.

6.2.3.10 Functions of Marketing Co-operatives

1. **Collective Marketing**: Co-operatives sell members' produce collectively, ensuring better market prices and reduced transaction costs.
2. **Processing and Value Addition**: They establish processing plants (e.g., dairies, canneries, grain elevators) to convert raw materials into finished products.
3. **Storage and Warehousing**: Provide cold storage, silos, and warehouses to protect produce and enable producers to wait for better market conditions.
4. **Branding and Promotion** : Create strong regional and national brands, thereby increasing consumer trust and demand.
5. **Market Information and Research**: Disseminate information about prices, demand, and trends, helping members make informed decisions.
6. **Export Promotion**: Many co-operatives also support producers in accessing foreign markets.

Marketing co-operatives in Canada have contributed significantly to rural economic development by improving producers' income, reducing rural poverty, and ensuring fair distribution of benefits. They also play a social role by fostering democratic decision-making, mutual help, and community spirit. Importantly, they enable small and medium producers to compete in both domestic and international markets through economies of scale and collective strength.

6.2.4 Co-operative Movement in USA

The co-operative movement in the United States of America is a significant part of its agricultural and rural development history. It developed primarily to support farmers and rural communities who faced economic difficulties due to exploitation by middlemen, fluctuating crop prices, lack of credit, and monopolistic practices of large companies. Unlike Britain, which focused on consumer co-operatives, or Germany, which emphasised credit, the American co-operative movement concentrated mainly on agricultural and rural co-operation, especially marketing and supply co-operatives. Over time, co-operatives expanded into rural credit, housing, and other sectors, playing an essential role in improving farmers' economic conditions and strengthening rural communities.

6.2.4.1 Historical Background of the Co-operative Movement in the USA

The co-operative movement in the United States emerged in the late 19th century, primarily as a response to the economic challenges faced by farmers and rural communities during the post-Civil War period. During this time, American agriculture was dominated by small-scale farmers who faced severe exploitation from middlemen, merchants, and railroad companies. Farmers struggled with low crop prices, high transportation costs, and limited access to credit, which often forced them into cycles of debt and poverty. The ideas of co-operation were introduced from European models, particularly Germany and Britain, where agricultural credit societies and consumer co-operatives had already proven successful. Inspired by these models, American farmers began forming co-operatives for marketing, supply, and credit, allowing them to pool resources, collectively market their produce, and purchase farm inputs at reasonable prices. One of the earliest organised movements in the USA was the formation of the Grange (Patrons of Husbandry) in 1867, which focused on educating farmers about co-operation, advocating for their rights, and promoting social and economic solidarity. The Grange movement laid the foundation for later co-operatives by encouraging farmers to establish local co-operative stores, warehouses, and processing facilities. In the late 19th and early 20th centuries, farmers' alliances and regional federations further strengthened the movement, providing technical guidance, training, and advocacy for co-operative legislation. During this period, marketing co-operatives, particularly in grains, dairy, and fruits, became widespread, enabling farmers to collectively sell their produce and negotiate fairer prices, while credit co-operatives and rural banks provided financial support to reduce dependence on high-interest private lenders. By the early 20th century, the movement had matured into a well-structured network of primary, regional, and national co-operatives, with government support through policies such as the Co-operative Marketing Act of 1926. This historical development established the foundation for modern American co-operatives, which continue to play a critical role in stabilising rural economies, empowering farmers, and promoting self-help and mutual aid across the United States.

Key historical milestones include:

1. **1867** – Formation of the first agricultural co-operative for collective marketing of crops.
2. **1880s–1890s** – The rise of farmer movements such as the **Grange (Patrons of Husbandry)**, which promoted co-operation, education, and advocacy for farmers' rights.
3. Early 20th century – Development of **farmers' credit unions and rural co-operative banks**.

The government gradually supported co-operatives through legislation and policies, recognising their role in stabilising the agricultural sector.

6.2.4.2 Nature of the Co-operative Movement in the USA

The co-operative movement in the United States is primarily agricultural and rural in focus, designed to address the economic challenges faced by farmers and rural communities. It is characterised by the organisation of small and medium farmers into co-operatives to collectively market their produce, purchase farm inputs, and access affordable credit. Unlike single-purpose co-operatives, American co-operatives often specialise in marketing, supply, and credit, ensuring that farmers can negotiate fair prices, reduce production costs, and avoid exploitation by middlemen and private moneylenders. The movement is based on voluntary membership, democratic control, and mutual aid, with profits or surpluses distributed according to participation or reinvested for the benefit of members. Over time, the co-operative movement expanded to include consumer co-operatives, rural utility co-operatives, and credit unions, making it a multifaceted system that promotes self-help, financial inclusion, and rural development. Government support, legal recognition, and education of members have further strengthened its stability and growth, making the American co-operative movement an important instrument for economic democracy, collective bargaining, and the overall development of the agricultural sector. Thus The American co-operative movement is primarily agricultural in focus, though it has expanded to credit, consumer, and rural utility co-operatives. Its main objectives are:

1. Ensuring fair prices for farmers' produce.
2. Reducing dependence on private middlemen.
3. Providing credit facilities at reasonable interest rates.
4. Supplying inputs like seeds, fertilisers, and machinery.
5. Promoting self-help, mutual aid, and collective bargaining.

The movement is characterised by voluntary membership, democratic control, and profit-sharing based on participation.

6.2.4.3 Objectives of the Co-operative Movement in the USA

1. Protect farmers from exploitation by middlemen and monopolies.
2. Ensure fair marketing of agricultural products through collective action.
3. Provide affordable credit for agricultural and rural development.
4. Supply farm inputs at reasonable prices to reduce production costs.
5. Encourage rural self-help and mutual cooperation among farmers.
6. Increase bargaining power of farmers in the national and international markets.

6.2.4.4 Principles of American Co-operatives

1. **Voluntary and open membership** : Membership is open to anyone willing to cooperate.
2. **Democratic control**: One member, one vote, irrespective of capital contribution.
3. **Member economic participation**: Profits are distributed according to usage or reinvested.
4. **Autonomy and independence**: Co-operatives are self-managed by members.
5. **Education and training**: Members are educated about co-operation and management.
6. **Co-operation among co-operatives**: Local co-operatives work together at regional or national levels.

6.2.4.5 Types of Co-operatives in the USA

1. **Agricultural Marketing Co-operatives :** These co-operatives help farmers market their crops collectively to obtain fair prices and better access to domestic and international markets. They also handle grading, storage, transportation, and packaging of farm produce. Examples include grain elevators, dairy marketing co-operatives, and fruit co-operatives.
2. **Supply Co-operatives:** Supply co-operatives provide farmers with fertilizers, seeds, equipment, and other inputs at reasonable rates. By pooling demand, these co-operatives reduce costs and ensure availability of quality inputs.
3. **Credit Co-operatives:** Also known as farmers' credit unions or rural co-operative banks, these provide loans for cultivation, machinery, and small-scale rural industries. They reduce farmers' dependence on high-interest moneylenders and help promote financial inclusion.
4. **Consumer Co-operatives:** These co-operatives supply daily necessities and consumer goods to members, often at lower prices than private retailers. They are more common in rural communities and small towns.
5. **Rural Utility Co-operatives:** These co-operatives supply essential services like electricity, water, and telecommunications to rural communities that were otherwise neglected by private enterprises.

6.2.4.6 Achievements of the Co-operative Movement in the USA

1. Increased farmers' income through collective marketing and fair pricing.
2. Reduced exploitation by middlemen and private traders.
3. Improved access to credit for rural farmers.
4. Promoted rural development by providing utilities and inputs.
5. Strengthened farmers' bargaining power at local, regional, and national levels.
6. Encouraged self-help, mutual cooperation, and economic democracy among rural communities.

The co-operative movement in the USA has played a vital role in stabilising rural life and agriculture. Through marketing, supply, and credit co-operatives, farmers gained better access to markets, affordable inputs, and financial services. Despite challenges such as market fluctuations and member discipline, the movement has significantly contributed to economic development, rural empowerment, and social cohesion, making it a key pillar of the American agricultural economy.

6.2.4.7 USA (Marketing)

Co operative marketing associations in the United States have been organized as single commodity organizations. There are separate marketing associations for each commodity, such as food grains, cotton, oil products, livestock, wool, dairy products, poultry and eggs, etc. such associations have attained commendable success since they have tackled marketing problems in an efficient manner. Co operative dairies including cream pools, cooperative creameries, co operative central creameries, and butter sale agencies were the first co operative marketing associations to be established. In places where the production of cream is limited, local cream pools have been established. The pool, after collecting cream from individual farmers disposes it off to the centralized creameries. The local co operative creamery gets the whole milk or cream from its members every day. The area of operation of the centralized creameries is quite wide. Such creameries are few in number. The butter sales agencies deal in the sale of the butter products. Co operative dairy societies have achieved considerable success in the states of Wisconsin and Minnesota. There are five large federations in the USA for the marketing of creamery products. These cooperative organization have been handling about 25% of the total consumption of fluid milk and cream in the country, about 40% of butter, 16% cheese and 70% of milk powder. Since the second world war they have also started the manufacture of milk powder. Regarding the sale of fluid milk there are two types of cooperative organizations viz., one which supply milk to the retailers directly and the other which have business only with the traders. Most of the associations are of the second type. The national cooperative milk producers federation of the cooperative dairies acts as a promotional and educational agency.

In the field of cooperative marketing of food grains there are cooperative elevators at the local level which receive grain from the farmers either for storing or for selling. If the market is not favourable for the farmers, the grain is stored in the local elevators, till the market becomes favourable. The societies also purchase wheat from the members and dispatch it to the terminal association which is a federation of the local elevators' societies. They sell grain on commission basis. The terminal associations have federated into the National Federation of Grain Co operatives. Its headquarters are at Chicago, it has been handling the export trade and for this purpose it has established its own agencies. It supplies up-to-date information to the local elevator's and the terminal associations about the marketing trends. The Farmers' Union associations also undertake the supply of seeds, fertilizers and other requirements to their members.

Recap

- ◊ The Rochdale Pioneers of 1844 in Britain laid the foundation of modern consumer co-operatives.
- ◊ Consumer co-operatives in Great Britain focused on fair trade, democratic control, and distribution of surplus to members.
- ◊ In Germany, Raiffeisen pioneered rural agricultural credit co-operatives to support farmers.
- ◊ Schulze-Delitzsch in Germany developed urban credit co-operatives for artisans and small traders.
- ◊ Denmark became famous for dairy co-operatives that pooled farmers' resources to modernize production.
- ◊ The Chinese INDUSCO movement (1937) promoted industrial co-oper-

atives with the motto “Gung Ho” (work together).

◊ In Japan, multipurpose co-operatives provided credit, marketing, supply, and consumer services to rural people.

◊ After World War II, Japanese co-operatives played a vital role in rural development and modernization.

◊ In the USA, co-operatives grew in agriculture, electrification, housing, and credit, especially during the New Deal period.

◊ Canada specialized in agricultural marketing co-operatives to ensure stable markets and fair returns for farmers.

Objective Questions

1. The Rochdale Pioneers of 1844 are associated with the beginning of which type of co-operative
2. Who is regarded as the founder of rural agricultural credit co-operatives in Germany?
3. Dairy co-operatives first flourished successfully in which European country?
4. The motto of the Chinese Industrial Co-operative Movement (INDUSCO) was:
5. Multipurpose co-operatives developed strongly in which Asian country?
6. In the USA, co-operatives received a major boost during which historical period?
7. Which sector became most famous for co-operatives in Canada?
8. Schulze-Delitzsch in Germany mainly promoted co-operatives for:
9. Denmark’s dairy co-operatives contributed to the country’s reputation as a major exporter of:
10. Which country’s co-operative movement is considered the model for consumer co-operatives worldwide?

Answers

1. Consumer
2. Raiffeisen
3. Denmark

4. "Gung Ho" (Work Together)
5. Japan
6. New Deal (1930s)
7. Agricultural marketing
8. Urban artisans and workers
9. Butter and cheese
10. Great Britain

Self-Assessment Questions

1. Who were the Rochdale Pioneers and why are they important in the history of co-operatives?
2. State two main principles of the Rochdale consumer co-operative movement in Britain.
3. Who is regarded as the father of rural agricultural credit co-operatives in Germany?
4. Differentiate between Raiffeisen and Schulze-Delitzsch in the German co-operative movement.
5. How did dairy co-operatives contribute to Denmark's agricultural development?
6. What was the main objective of the Chinese INDUSCO movement?
7. Explain the meaning of the motto "Gung Ho" in the context of Chinese co-operatives.
8. What are multipurpose co-operatives in Japan and what services do they provide?
9. Mention one major contribution of the New Deal (1930s) to the growth of co-operatives in the USA.
10. What role did agricultural marketing co-operatives play in Canada's economy?

Assignments

1. Discuss the origin and development of consumer co-operatives in Great Britain with reference to the Rochdale Pioneers.
2. Explain the main principles of the British consumer co-operative movement and their significance.
3. Trace the history of agricultural credit co-operatives in Germany under the leadership of Raiffeisen and Schulze-Delitzsch.
4. Compare and contrast the contributions of Raiffeisen and Schulze-Delitzsch to the German co-operative movement.
5. Describe the rise and success of dairy co-operatives in Denmark and their impact on rural economy.
6. How did Denmark become a model for co-operative dairies in the world?
7. Explain the origin, objectives, and significance of the INDUSCO (Chinese Industrial Co-operative) movement.
8. Assess the role of the "Gung Ho" spirit in shaping the Chinese co-operative movement.
9. Discuss the nature and functions of multipurpose co-operatives in Japan and their contribution to rural development.
10. Trace the growth of Japanese co-operatives before and after World War II.
11. Explain the development of co-operatives in the USA, with special reference to the New Deal period.
12. Describe the role of co-operatives in rural electrification and agriculture in the USA.
13. Explain the importance of agricultural marketing co-operatives in Canada and their role in stabilizing farm incomes.

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MODEL QUESTION PAPER SETS

SREENARAYANAGURU OPEN UNIVERSITY

QP CODE: ………　　　　　　　　　　Reg. No : ....

Name : ……...........

Model Question Paper- Set-I

FIFTH SEMESTER BACHELOR OF COMMERCE (B. COM) EXAMINATION

Discipline Specific Elective Courses (DE)–

B21CM11DE-PRINCIPLES OF CO-OPERATION

(CBCS - UG)

2022-23 - Admission Onwards

Time: 3 Hours　　　　　　　　　　Max Marks: 70

SECTION A

I Answer any 10 questions. Each question carries 1 mark

1. What is cooperation?
2. What is capitalism?
3. Which is the base unit of the short-term co-operative credit structure?
4. What is the main objective of Agricultural Marketing Societies?
5. At which level do Primary Marketing Societies function?
6. What does NAFED stand for?
7. Which co-operative sector in Kerala has a strong presence in the export market?
8. What are the functions of industrial co-operative federations?
9. Differentiate between handloom and power loom in two points.
10. Which principle of co-operation ensures one member–one vote?
11. Who provides legal and administrative support to co-operatives?
12. What type of aid helps members gain knowledge on finance, leadership, and auditing?
13. What causes low participation of members in co-operative governance?
14. Which technological tool improves transparency and efficiency in co-operatives?
15. When was NAFED established?

(10 X 1=10 marks)

SECTION B

II Answer any 10 questions. Each question carries 2 marks

16. What are the co-operative values? Explain any two.
17. What are Short-Term Co-operative Societies? State their role
18. What are the limitations of Primary Agricultural Credit Societies (PACS)?

Mention any two.

19. What are the features of Primary Agricultural Credit Societies (PACS)?
20. Explain any two functions of Urban Co-operative Banks
21. What are the major challenges faced by Primary Co-operative Agricultural and Rural Development Banks (PCARDBs)?
22. What are the main features of capitalism? Explain briefly.
23. What are the advantages of capitalism? State any two.
24. What are the characteristics of consumer co-operative societies?
25. What are the objectives of Cooperative Housing International (CHI)?

(10X2=20 marks)

SECTION C

III Answer any 5 questions. Each question carries 4 marks

26. Explain the importance of co-operation in economic and social development.
27. Discuss the benefits of co-operation to members and society.
28. Explain the Rochdale Principles of co-operation
29. Examine the economic aspects of co-operation.
30. Distinguish between co-operative values and co-operative principles.
31. Explain the functions of District Co-operative Banks.
32. Explain the functions of Primary Co-operative Agricultural and Rural Development Banks (PCARDBs).
33. Examine the role of co-operation in promoting equality and social justice.

(5X4=20 marks)

SECTION D

IV Answer any 2 questions. Each question carries 10 marks

34. Explain the meaning, definition, features, importance, objectives, and benefits of Co-operation.
35. Discuss the economic, social, and moral aspects of Co-operation in detail.
36. Examine the relationship between Co-operation and Capitalism, Socialism, and Communism.
37. Discuss the special status of the Co-operative Movement by explaining Co-operative as an institution, enterprise, and co-operative commonwealth.

(2X10=20 marks)

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Model Question Paper- Set-II

FIFTH SEMESTER BACHELOR OF COMMERCE (B. COM) EXAMINATION

Discipline Specific Elective Courses (DE)–

B21CM11DE-PRINCIPLES OF CO-OPERATION

(CBCS - UG)

2022-23 - Admission Onwards

Time: 3 Hours Max Marks: 70

SECTION A

I Answer any 10 questions. Each question carries 1 mark

1. What is socialism?
2. Which institution acts as the apex body in the short-term co-operative credit structure?
3. State any two main functions of Urban Co-operative Banks (UCBs).
4. Which is the apex institution in the long-term co-operative credit structure?
5. What is cooperation?
6. Why are housing co-operatives formed primarily?
7. What is a co-operative society?
8. What is the main objective of housing co-operatives?
9. What are specific purpose societies?
10. What is the main role of rubber marketing societies?
11. Which co-operative model is associated with Amul in the dairy sector?
12. Fishery co-operative societies mainly help fishermen in which activity?
13. State any two advantages of consumer co-operatives.
14. Which is the apex body of industrial co-operatives in India?
15. What is capitalism

(10 X 1=10 marks)

SECTION B

II Answer any 10 questions. Each question carries 2 marks

16. What are the disadvantages of Capitalism.
17. State the features of Socialism.
18. Mention the characteristics of a Co-operative Enterprise.

19. What are the objectives of Housing Co-operatives?
20. State the functions of PACS.
21. What are the advantages of PACS?
22. Mention the benefits of Consumer Co-operatives.
23. What is meant by Industrial Co-operatives?
24. What is meant by a Medium-Term Co-operative Society?
25. Mention the features of a Joint Stock Company.

(10X2=20 marks)

SECTION C

III Answer any 5 questions. Each question carries 4 marks

26. Explain the features of Co-operation.
27. Discuss the objectives of Co-operation.
28. Explain the features of Co-operative Organisations.
29. Describe the objectives of Short-Term Co-operative Societies.
30. Explain the social aspects of Co-operation.
31. Discuss the importance of Co-operation Explain the functions of Primary Co-operative Agricultural and Rural Development Banks (PCARDBs).
32. Explain the principles of the Karve Committee.
33. Explain the role and significance of Primary Agricultural Credit Societies (PACS).

(5X4=20 marks)

SECTION D

IV Answer any 2 questions. Each question carries 10 marks

34. Describe the need, importance, and functioning of Specific Purpose Co-operative Societies.
35. Explain the origin and growth of the Co-operative movement. Discuss the role of Rochdale Pioneers and examine how their principles influenced the modern co-operative movement.
36. Describe the structure and functions of Urban Co-operative Banks. Explain their role in providing credit to small borrowers.
37. What are Housing Co-operative Societies? Explain their objectives, functions, and importance.

(2X10=20 marks)

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