

## **A Study on Role and Historical Background of Co-operation in Development in Maharashtra: A Critical Analysis**

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### **Abstract**

Collaboration Demonstrates the ability to work effectively and respectfully with diverse people or teams, compromise, build consensus in decision-making, accept shared responsibility for collaborative work, and value the opinions and contributions of individual team members, from one's own position. Identity pooling of funds and savings among members. To provide consumer goods at reasonable prices to the members. Providing services to the members as per their needs like; housing, transportation, insurance etc. To promote self-reliance, self-reliance among people. A cooperative society is an organization formed to provide financial assistance to its members. Members are responsible for raising capital to help those in need. It primarily protects the weaker sections of the rural society from exploitation by rich individuals and companies. Cooperative members help each other in the farm. Members of a cooperative pool in their resources. Co-operative society members borrow money from moneylenders. Co-operative members help each other to repay their debts.

**Key words:** historical background, cooperation, development, contribution, decision making, members, planning, change, role etc.

### **Introduction:**

The first co-operative sugar factory in Maharashtra was set up in 1950 at Pravaranagar. It was the first co-operative factory not only in India but also in Asia. Maharashtra State Co-operative Societies Act was enacted in 1960 after the formation of Maharashtra State. Pursuant to this, the Maharashtra State Co-operative Societies Rules were enacted in 1961. Social cooperation is a collaborative process that occurs when two or more individuals work together to achieve a common goal. Cooperation is characterized by individuals or groups making a conscious effort to work together. Most of the progress in Maharashtra seems to have been through cooperation. For proper cooperation, it is necessary to have cooperation from person to person. The co-operation movement started saying that there is no salvation without co-operation. Maharashtra's maximum development of the country can be seen through the cooperative movement.

### **Problems of the Study:**

Due to financial scams, corruption, dominance of certain families, hegemonicism in cooperative societies, and the movement has suffered and many problems and defects have been created. There is mistrust among the co-operative members as well as between the general membership and the management/board. Lack of transparency between the governing body and general members is a key challenge in cooperatives. There is often a lack of leadership and managerial and financial management skills. 2012 was celebrated by the United Nations as the International Year of Co-operation, as the co-operative paradigm has been as effective and efficient as the capitalist and socialist economic development paradigm in the global economic development paradigm.

### **Objectives of the Study:**

The main objective of this research is to study the role of co-operatives and the historical background of co-operatives in Maharashtra and the researcher. Need for co-operatives the important role of co-operatives in independence era and the sustainable development of co-operative movement in Maharashtra and other countries under Co-operative Act are the objectives of this research.

1. To Study the role of co-operation in Maharashtra.
2. To Study the Historical background of co-operation.
3. To Study the Co-operative movement in Maharashtra.

### **Significance of the Study:**

Cooperatives are characterized by common goals, common needs, collective efforts, voluntary participation. Co-operatives are the link between capitalism and socialism. In co-op one person is one vote.

In co-operatives, profit is not important but the welfare of the weaker sections. The main objective of a co-operative society is to serve the society in which it operates. As co-operatives are not-for-profit enterprises, most of the profits go towards meeting the social, economic and cultural needs of the community. When colleagues do good work, it benefits the entire community. Agriculture provides credit and funding where the state and private sector have been unable to do much. It provides policy inputs to the agriculture sector; Consumer organizations meet their consumption needs at discounted rates.

**Scope of the Study:**

Co-operative society is a voluntary organization where all the members come together cleanly to achieve their common objectives. He believes in equality and unity. Co-operatives are the link between capitalism and socialism. In co-op one person is one vote. In co-operatives, profit is not important but the welfare of the weaker sections. In order to understand the scope of cooperation, it is important to look at the area in which it is spread. Virtually every element of the socio-economic sphere of society is covered. In a state like Maharashtra in India, co-operatives are spread across all sectors. In this, cooperation in different sectors such as agriculture sector, production processing sector, small scale industry sector, citizen sector, banking sector, customer sector, service sector, cooperative education is its scope. Cooperatives have expanded the most in the agricultural sector and in India also the agricultural sector has been covered by cooperatives the most. In this, various types of cooperative societies have been established in the agricultural sector of Maharashtra to provide facilities such as crop loans, medium and long-term assistance loans, seed accounts, pesticides, water supply, transportation of agricultural goods, etc.

**Period of the Study:**

While studying the role and historical background of co-operation in Maharashtra, the researcher has attempted to review the sustainable progress made by co-operation in Maharashtra from 1904 to 2023. A review of the historical background of co-operatives as well as the status of co-operatives in the post-independence period as well as the changes taking place in co-operatives and the co-operative movement have been studied in detail by the researcher.

**Limitation of the Study:**

A co-operative society generally suffers from inefficient management. Due to limited financial resources, it is generally not in a position to hire and retain competent professional managerial staff. So he has to depend on his own members who lack skills and experience. Members have equal voting rights regardless of investment which may not be conducive to an investor-driven business. Legal restrictions on the payment of dividends on shares may not be favorable to investor-driven businesses.

**Research Methodology:**

While studying the historical background of co-operatives in Maharashtra and the current role of co-operatives, researchers have conducted member research using various types of secondary sources. It uses many secondary sources like Research Papers Articles Journals News Papers Magazines Images Audio Videos Annual Reports Reference Books Annual Issues Reference Books Serial Books etc.

**Research Method:**

While studying the role and historical background of cooperatives in Maharashtra on the basis of secondary research, the researcher has used descriptive analysis method.

**Results and Discussion:**

Mainly in terms of population, India ranks first in the world and since the Indian economy is a developing one, a medium like co-operation is definitely useful for the overall development of the people of this country. Co-operatives can stop the exploitation of the weaker sections and earlier many of the weaker sections of the society felt the need of money for their area of need and co-operatives have a tremendous mutual support power. Since India is an agricultural country, not only nationalized and commercial banks are needed to develop this agricultural sector, but cooperative credit is also very much needed. For the overall development of the country, small scale industries, rural industries, pre-agricultural industries and agro-based industries should be established from the rural areas. The co-operative sector is very important for creating employment with the small scale industry sector and through it creating employment supply through lakhs of co-operative societies in the country and bringing the unemployed sections into the stream of economic development.

**History of Cooperation:**

A co-operative is an organization where like-minded people come together for financial exchange. It uses one person one vote system. At the very beginning, there were farmers' organizations in

England on a cooperative basis. Co-operative movement first started in India under the Co-operative Societies Act of 1904. The Act was intended to promote the co-operative movement; however, the objective was limited. The Co-operative Societies Act, 1912 was subsequently enacted to extend the provisions of this Act to a wider area. According to that act registration of all types of co-operative societies was made available and a registrar was appointed for the effective implementation of this act and for the administrative work and out of that the department of co-operatives was established. After it was decided to hand over the matter of co-operation under the jurisdiction of the central government to the provincial governments, the respective provincial governments started making their own laws. The Co-operative Act of 1925 was enacted for the Province of Bombay. In 1947, the Bombay Agricultural Produce Market Regulation Act 1939 and the Bombay Money Lenders Act 1946 were brought under the control of the Registrar.

#### **Status of Cooperatives after Independence:**

After the independence of the country, as per the provisions of the Constitution of India, the matter of cooperation was left to the respective state governments. Accordingly, the state government passed the Maharashtra Co-operative Societies Act, 1960 which is currently in existence. In this Act, registration of cooperative societies, rights and responsibilities of members of societies, duties and privileges of societies, various forms of financial and similar assistance by the State Government to societies, property and funds of societies, management of societies, audit of affairs of societies, inquiry, inspection and supervision, resolution of disputes, operations of societies. Detailed provisions are made on winding up, elections, crime and punishment, appeals, revision and other general matters relating to the functioning of institutions. In the year 1970, the then Minister of Cooperation Mr. Yashwantrao Mohite had brought out a white paper regarding the restructuring of the cooperative department as well as the cooperative movement. Accordingly, the State Level Accounts Committee was established and thereafter the Independent Directorate of Sugar, Directorate of Marketing and Directorate of Textiles came into existence. In 1975 Co-operative Court was established and in 1981 Taluka level office was established and Co-operative Department was expanded. In the year 1977, the Dairy Institution was transferred to the Dairy Development Department. From March 1989, Department of Agriculture and Cooperatives was split into a separate Department of Cooperatives and Textiles at the Ministry level.

#### **Amendments to the Cooperatives Act by the 97<sup>th</sup> Constitutional Amendment:**

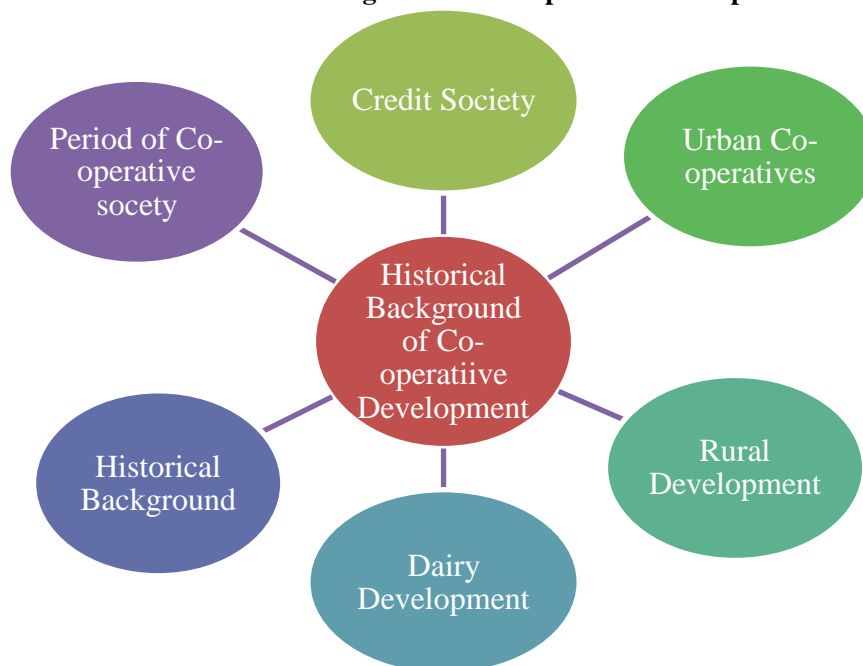
According to the 97th Amendment to the Constitution of India, Article 19 (1) (c) of the Constitution was amended to establish a Cooperative Society as a fundamental right. Also, according to Article 43 (B), provision has been made for the State Government to promote autonomous functioning, democratic control and professional management of cooperatives. An ordinance dated 14.2.2013 was issued by amending the Maharashtra Co-operative Societies Act, 1960 in accordance with the above amendments in the Constitution. After this Bill was approved by both the Houses of the Legislature, the amended Maharashtra Co-operative Societies Act 1960.

#### **Cooperative Movement:**

Co-operative movement started in India in 1904, but after independence in India, the development and expansion of the co-operative movement has been very large. India's pre-independence period was one of economic instability. The supply of food grains, cloth and other useful items in the country was becoming insufficient. The housing problem became acute and rationing was adopted to control the food supply. Due to the partition of India and Pakistan, the new government had a lot of problems, so the new government had the responsibility of making India flourish, for which there were specific expectations from the government movement. In 1953, the All Rural Credit Banks Inspection Report was published and some of the recommendations were implemented. The role was to establish large credit banks that are financially self-sufficient at the primary level and that a village cluster of four to five thousand inhabitants within an area of three to four miles should benefit from such an institution. The co-operative movement started with the provision of credit and proved that large industrial processing organizations and buying and selling organizations could be run efficiently and successfully on this system. In rural areas, such organizations bring farmers together, but considering the nature of the cooperative movement, one thing is clear that while cooperative credit banks are growing, it is not the small farmers who are benefiting, but only the medium and large farmers are benefiting from these credit banks. A study committee for landless laborers was appointed on the recommendation of this committee, industrial development institutes were established in many districts. The main objective of these organizations was to integrate landless agricultural laborers into rural industries by utilizing local raw

materials properly, capital labor efficiency and leadership. Co-operative industrial estates were established under the co-operative movement and the main objective was to provide all necessary facilities to the members of the estate at one place and to run these estates under a single system on a co-operative basis. Agricultural produce markets were established at various places on a cooperative basis and almost all the important agricultural products are regulated in them. After many labor organizations were established in India, the aim of this organization was to get fair remuneration to the laborers for their work and to stop its exploitation and also to get bonuses and many other financial benefits to the laborers. It is important to understand the current state of the co-operative movement which has been functioning for more than one hundred years mainly because the co-operative movement has progressed enormously in the last fifty years. The total number of co-operative societies is more than four lakh with more than 16 crore members and working capital of more than 75 thousand crores. During the development of the cooperative movement, it includes agricultural cooperatives, civil cooperatives, credit unions, consumer cooperatives, consumer cooperatives, industrial cooperatives, cooperatives for the underprivileged, fishermen's cooperatives, women's cooperatives, tribal cooperatives, and construction workers' cooperatives, buying and selling cooperatives, sugar factories cooperatives. Dairy Development Co-operatives Urban Co-operatives Salaried Co-operatives Primary Agricultural Co-operatives Credit Unions Laborers Co-operatives So the history of co-operatives is a great tradition of sustainable development from the point of view of Maharashtra.

**Chart No. 1**  
**Historical Background of Co-operative Development**



#### **Co-operative Movement in India:**

Frederick Nicholson recommended the establishment of rural and urban co-operative credit societies in 1892. The Second Famine Commission (1901) chaired by Edward Locke recommended the establishment of Agricultural Credit Institutions. In 1904, the Co-operative Credit Societies Act came into existence. In 1912, the Co-operative Societies Act was enacted. To study the development and coordination of cooperatives. G. Saraiya Committee (1945) was established. This committee is also known as Cooperative Planning Committee. In 1951, A. D. Gorwala Committee was formed. In 1979 B. Institutional Credit Review Committee for Agriculture and Rural Development' was established under the chairmanship of Sivaraman. The committee recommended the establishment of NABARD, an apex body of cooperative banks. The Central Government announced the National Cooperative Policy in 2002. In this, emphasis was placed on enhancing cooperation. Under the Co-operation and Maharashtra Reforms Act of 1919, the provinces were given the facility to make independent laws. Accordingly, the Bombay Co-operative Society Act was enacted for the Bombay Province in 1925. The co-operative movement in Maharashtra began in 1910 with the establishment of the Primary Agricultural Credit Institution.

**Cooperation Development:**

Maharashtra's contribution to the country in the cooperative sector is significant. This sector has done the work of releasing the farmer from the exploitative system of moneylenders. Co-operation is a good option for prosperity. So it survives even today. Yashwantrao Gadakh, a leading leader in the cooperative sector, has contributed significantly to the country in the cooperative sector. This sector has done the work of releasing the farmer from the exploitative system of moneylenders. Co-operation is a good option for prosperity. So it survives even today. Co-operative movement in India has been admired all over the world. Maharashtra has done the work of giving strength and momentum to this movement. This movement which started in the pre-independence era got royal shelter due to Pandit Nehru and Yashwantrao Chavan. Initially limited to agricultural credit as an alternative to the exploitative system of moneylending, this system later expanded as a movement. Later it spread rapidly in areas like agricultural processing, marketing, rural industries, consumer warehousing etc. Non-agricultural primary credit institutions also increased. This made it possible to bring about social and economic transformation in Maharashtra. Maharashtra is woven with a web of cooperation. There are as many as 2.18 lakh cooperative societies in the state and half of the population of the state belongs to them. Apart from this there is also a large level of indirect benefit of co-operation. Out of 2.18 lakh institutions, 10 % are agricultural credit providers, while 11 % are non-agricultural credit providers. The remaining 79 % of the organizations are working in various sectors such as marketing, production, irrigation, water supply, transportation, social etc. It is clear from this that cooperative sector is all-pervasive. Naturally, there are co-operative societies in the villages of the state and they have become a part of the daily life there. Even if we try to weigh her on the basis of merit, social justice and commitment do not seem to weigh her down. The co-operative movement in Maharashtra is a symbol of people's initiative. By organizing them and raising capital, efforts have been made to combine economic and social work. This has helped to increase production and generate employment. This movement has led to significant progress in the fields of agriculture, milk, fisheries, agro-processing, storage, sales, marketing, credit, banking and housing.

**History of Financial conditions of the co-operation:**

The total share capital and working capital of all cooperative societies is Rs. 2.57 lakh crore. By maintaining the deposit level of 1.28 lakh as of today, it shows the trust of the people of Maharashtra on these co-operative societies. The economic system of rural Maharashtra is agricultural. In the last 50 years, the number of primary agricultural credit institutions providing loans to agriculture has increased to 21 thousand. This amount of credit supply in the state is 70 to 75 % every year through the three tier system of Shikhar Co-operative Bank, 31 District Central Banks and Agricultural Credit Institutions of the state. Villagers feel it is theirs more than any other lending institutions. This is a great success of cooperative credit system in the background of indifference of private and nationalized commercial banks in the field of agriculture. However, these organizations can run efficiently only if nature supports them and agricultural produce gets a fair price. These two factors are the hindrances in the progress of these cooperative credit societies. However, even in this situation, these organizations maintain the commitment of giving loans to farmers many times. They also lose. I have spoken many times in the legislative council hall in this regard. The government has also helped after that. But the question mark of moneylenders on the original purpose for which this movement was born seems to remain even today. It is seen that nearly four and a half thousand illegal moneylending cases have been taken into consideration in the state and crimes have been registered against one and a half thousand. Out of 175 sugar mills in the state, 141 are co-operatives. Some of them are closed. It has the capacity to crush four and a half lakh tonnes of sugarcane daily during the falling season. Factories in the state can process nearly 800 lakh tonnes of sugarcane in a season.

**Conclusion:**

In 1904, India's first Co-operative Act was passed. This Act facilitated the application of farmers and artisans and classified the organization into rural and urban. Co-operative accounting was forced due to limited scope of institutions. In 1912, the Second Co-operative Act was passed and the provisions of the first Co-operative Act were again removed. Provinces were empowered to carry out modern reforms and the cooperative group was protected. From 1919 to 1929, the subject of co-operatives came under the ambit of the provinces and Bombay Province took the initiative to enact a separate Co-operative Act for its province in 1925. Between 1930 and 1939, the Reserve Bank of India was established and the Agricultural Credit Department was set up to provide credit to farmers. During the Second World War from 1939 to 1946, the prices of agricultural commodities increased and the economic conditions of



the farmer improved. In 1947 the Provincial Co-operative Banks were restructured and the Nanavati Committee was formed and the Gadgil Committee suggested the establishment of a separate corporation for credit to farmers.

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