

## An empirical study of co-operatives in India: with reference to the five year plans

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### Key Words

Co-operatives, Five year plans, Indian Economy, co-operative movement, co-operative societies.

### Abstract

*The present research paper is all about the co-operatives in India. The title of the paper "An empirical study of co-operatives in India: with reference to the five year plans" itself speaks how co-operatives in India have travelled through the initiation of various five year plans. The Co-operatives sector is one of the main allies of Indian economy; the Indian co-operatives are rural economy driven, which has its spreads from beginning to end of the institutional credit structure. The Co-operatives sector plays a key role in the Indian economy. The Co-operatives covers almost 98% of villages. The place of Co-operatives in Indian economy and its role in social and economic affairs has developed a new dimension with the beginning.*

*India has witnessed the growth path through the growth of co-operatives in the post liberalization period at the greater extent. There were 6, 10, 020 co-operatives in India according to the Indian co-operative movement- a statistical profile-2012, including credit co-operatives and non-credit co-operatives, with around 250 Million members and huge share capital of Rs.3, 83, 284. There has been availability of World famous co-operative brands in India like **Amul, Mahananda** etc.*

*The paper has been classified in to the various parts like introduction of co-operatives, meaning of co-operation, objectives of the study, scope and limitations of the study, co-operative movements in various five year plans in India, problems of co-operatives, suggestions and the conclusion for the research paper.*

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### Introduction

The Co-operatives sector is one of the main allies of Indian economy; the Indian co-operatives are rural economy driven, which has its spreads from beginning to end of the institutional credit structure. The Co-operatives sector plays a key role in the Indian economy. The Co-operatives covers almost 98% of villages. The place of Co-operatives in Indian economy and its role in social and economic affairs has developed a new dimension with the beginning. India has witnessed the growth path through the growth of co-operatives in the post liberalization period at the greater extent. There were 6,10,020 co-operatives in India according to the Indian co-operative movement- a statistical profile-2012, including credit co-operatives and non-credit co-operatives, with around 250 Million members and huge share capital of Rs.3,83, 284. There has been availability of World famous co-operative brands in India like **Amul, Mahananda** etc.

The Co-operatives credit structure is helping the Indian society ever since 1904 and since then it has seen several ups and downs. The emerging need of the economy in the new cutthroat and deregulated financial environment, Co-operatives institutions have re-oriented their policies by drawing up their forthcoming mission and approach so as to make them globally competitive. So, the present research paper has been divided into eight parts including introduction, meaning, objectives, significance-scope, limitations, Co-operative movement in various five year plans in India, problems of co-operative, suggestions, conclusion.

The paper has been also highlighted on the growth of co-operatives in India in various five year plans.

### **Meaning of Co-Operation**

Co-operation is as old as humanity. The Co-operatives movement is one of the best examples of human Co-operation. The Co-operatives movement brought overall enhancement in the economic stipulation of its members. Since post independence period the Government of India and Reserve Bank of India (RBI) have been taking an active interest. More than 60 percent of the credit needs of the farmers are met by the Co-operatives societies. Indian economy is still predominated by rural nature.

According to *E.R. Bowen*, "Co-operation is the universal instrument of creation".

RigVeda: "May you all have a common purpose may your heart be in unison may you all be the same so that you can do your work efficiency well."

The history of Co-operatives movement in India is about a century old. The movement was started in India with a view to encourage and promote prudence and mutual help for the development of persons of small means such as agriculturists, artisans and other segments of the society. It was also aimed at concentrating the efforts in releasing the exploited classes out of the clutches of the money lenders, Landlords, Zamindars and so on.

### **Objectives of the Study**

- 1) To study the development of Co-operative movement in five year plan.
- 2) To understand the history and significance of Indian Co-operatives.
- 3) To identify the troubles and suggest the improvement of the Indian Co-operative movement.

### **Significance, Scope and Limitation of Study**

The research study is significant to evaluate the involvement of Five Year Plans in the development of Co-operatives. The present study is useful to the students and researchers at the same time policy planners in their efforts to improve the working of the present system. The present study deals with the development of Co-operatives movement in Five Year Plans in India. This study is limited only to the Co-operatives movement only.

### **Co-Operatives movement in various five year plans In India**

In the post Independence period after 1947, Co-operatives development received an increase, with Co-operatives being given a fundamental role in the various plans formulated by the Planning Commission. Indian planners considered co-operation as an instrument of economic development predominantly in the countryside areas. India adopted a socialistic pattern and pursued the policy of a mixed economy with features of both capitalism and socialism. The Planning Commission which was established in 1950 set the social and economical targets based on equity and justice.

#### **The First Five Year Plan (1951-56):**

This plan was an agricultural development plan and outlined in detail the vision of the Co-operatives movement in India and the foundation for emphasizing Co-operatives and Panchayats as preferred organizations for socio-economic development. The Plan focused on the adoption of the Co-operatives method of organization to cover all aspects of community development. It provided for setting up of urban Co-operative banks, industrial Co-operatives of workers, consumer Co-operatives, housing Co-operatives, diffusion of knowledge through Co-operatives training and education and recommended that every government department follow the policy of building up Co-operatives. The plan lay down for the provisions of Co-operatives credit thus; Short term loan Rs.100 crore, Medium term loans Rs.25 crore and Long term loan Rs.5 crore which played very important role.

**The Second Five-Year Plan (1956-1961):**

This plan emphasized "Building up a Co-operatives sector as part of a scheme of planned development" as being one of the central aims of National Policy. It aimed at enabling Co-operatives to increasingly become the principal basis for organization of economic activity. The Plan drew up programmes of Co-operatives development based on the recommendations of the All India Rural Credit Survey Committee (AIRCS). It was envisaged that every family in a village should be a member of at least one Co-operatives society. Linking of credit and non-credit societies to provide better services to the farmers was also targeted.

**The Third Five Year Plan (1961-1966) and Three year plan 1966-1969:**

This plan the Agricultural Refinance Corporation was set up in 1962 by the Government of India to provide long-term loans to Co-operatives, through Central Land Mortgage Banks. In 1963, the National Co-operatives Development Corporation (NCDC) was established as a statutory corporation by an Act of Parliament. The main provision in the Plan was to cover all the villages and 60 percent of the agricultural population by 1965-66; to revitalize Primary Agricultural Societies to make them economically viable, to develop Co-operatives Marketing Processing and link credit with marketing; to develop non-credit Co-operatives; to strengthen Co-operatives personnel at all levels; and to provide Rs.530 crore for short and medium term credit; and Rs.150 crore for long term credit during the plan period. A provision of Rs.80 crore was made for the development of cooperation.

**The Fourth Five Year Plan (1969-1974):**

This plan gave high priority to the re-organization of Co-operatives to make Co-operative short-term and medium-term structure viable. It also made necessary provisions to provide Co-operatives with management subsidy and share capital contribution, as well as for the rehabilitation of Central Co-operatives Banks. It also emphasized the need to orient policies in favour of small cultivators. The Mirdha Committee in 1965 laid down standards to determine the genuineness of Co-operatives societies and suggest measures to weed out non genuine societies; to review the existing Co-operatives laws and practices to eliminate vested interest.

**The Fifth Five Year Plan (1974-1979):**

The present plan took note of the high level of over-dues. In its recommended strategy for Co-operatives development, the correction of regional imbalances and reorienting the Co-operatives towards the under-privileged was to receive special attention. Based on the recommendations of an Expert Group appointed by the Planning Commission in 1972, structural reform of the Co-operatives set-up was envisaged. The Plan recommended the formulation of Farmers Services Co-operatives Societies as had been envisaged by the National Commission on Agriculture and stressed the need for professional management of Co-operatives.

**The Sixth Five Year Plan (1979-1985):**

This plan emphasized the importance of Co-operatives efforts being more systematically directed towards ameliorating the economic conditions of the rural poor. The National Bank for Agriculture and Rural Development (NABARD) Act was passed in 1981 and NABARD was set up to provide finance support to Co-operatives Banks and to supplement the resources of Commercial Banks and Regional Rural Banks to enhance credit flow to the agriculture and rural sector.

**The Seventh Five Year Plan (1985-1990):**

This plan pointed out that while there had been all round progress in credit, poor recovery of loans and high levels of overdue were matters of concern. The Plan recommended amongst others development of Primary Agricultural Credit Societies as multiple viable units;

realignment of policies and procedures to expand flow of credit and ensure inputs and services particularly to weaker sections; special programmes for the North Eastern Region; strengthening of consumer Co-operatives movement in urban as well as rural areas and promoting professional management. For the agriculture and rural development the seventh plan provided Rs.22, 233 Crore).

#### **The Eighth Five Year Plan (1992-97):**

The present plan focused on the need to follow the *Narsimham committee* report and tried to make Co-operatives banking more strong. It was formulated when the country was passing through difficult circumstances such as high rate of inflation and recession in industry. The Eighth Plan laid emphasis on building up the Co-operatives movement as a self-managed, self-regulated and self-reliant institutional set-up, by giving it more autonomy and democratizing the movement.

#### **The Ninth Five Year Plan (1997-2002):**

During this plan period, The Multi-State Co-operatives Societies (MSCS) Act, enacted in 1984, was modified in 2002, in keeping with the spirit of the Model Co-operatives Act. The targeted growth rate of agricultural output was expected to reach at 3.82 percent per annum and that of agriculture at 4.5 percent and Co-operatives expected to contribute optimum level in sustaining economy. In 2002, the Government of India enunciated a National Co-operatives Policy. The objective of the Policy is to facilitate an all round development of Co-operatives in the country.

#### **The Tenth Five Year Plan (2002-2007):**

The present plan undertaken to achieve high-targeted annual agricultural growth rate and export, massive expansion and up gradation of agricultural marketing, storage and distribution infrastructure are given priority. Facilities for packaging, grading, and certification of agricultural commodities and development of future agricultural markets would be given special attention with adequate funds. To nurse the rural Co-operatives credit system back to health, to ensure that the rural credit doubled over three years and that the coverage of small and marginal farmers by institutional lending was expanded substantially, the Government of India in August 2004 set up a Task Force to suggest an action plan for reviving rural Co-operatives credit institutions and legal measures necessary for facilitating this process.

#### **The Eleventh Five Year Plan (2007-2012):**

During the Eleventh Five Year Plan many important schemes, especially in Co-operatives credit sector, computerization, human resource development and public awareness were formulated and implemented to facilitate the public in general, especially the farmers.

#### **The Twelfth Five Year Plan (2012-2017) –**

This plan focused on renewal of *PACS/LAMPS* and ensuring their viability and profitability with a view to making them financially strong to provide greater assistance of rural credit to the farmers. Encourage micro credit groups and women Co-operatives to inculcate the habit of small savings in the rural areas as a sub system of Co-operatives. The Co-operatives credit institutions are required to function as facilitators for linking these small groups and women Co-operatives with credit institutions.

### **Problems of Co-Operatives in India**

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

- 1) Internal and Structural disadvantage at primary level.
- 2) Largely depend on government for financial assistance.

- 3) Restrictive provisions of Co-operatives law.
- 4) Lack of professional management and lack of adequate infrastructure. Co-operatives still follow the traditional management techniques.
- 5) Excessive Government Control and Political Interference.

### **Suggestions for improvement in Indian co-operatives**

There are various suggestions needed to be implemented to improve the position of the Indian co-operatives, which are as follows:

- 1) Accountability and transparency need to be brought in the implantation of the schemes.
- 2) Enhancing the competitive strength in Co-operatives by their merger and division, wherever necessary.
- 3) Reform in Co-operatives laws.
- 4) Establish professional Co-operatives management centers and practice human resource management.
- 5) Political and Religious Neutrality and timely conduct of elections and audit.
- 6) Strengthening information and database of Co-operatives.

### **Conclusion**

Co-operation occupies an important place in the economy of the nation. Today, the Co-operatives movement has made its presence felt in almost all walks of human life such as credit, production, marketing, development of scheduled castes and scheduled tribes etc. Thus, the present research paper has been provided the insight view of the co-operatives in India in the various five year plans. It has been also observed that there has been progress of Indian co-operatives and there are enough potential in the Indian co-operatives the only problem is that there is need to provide proper attention towards them.

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