

# 1.

## Co-operation – (Meaning, History, Features and Importance)

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### 1.1 Introduction :

Co-operation is an important part of human culture since ancient times. If we think from the period of hunting stage till modern era it is found that thinking and working together is a human's natural phenomenon which inspired him to live happy life. Due to this, there was revolutionary change in his economic and social life. Co-operation is a progressive stage of human life which results in intense desire for economic and social development and to remove injustice of human beings. The history of human life is the history of co-operation. Therefore, co-operation has gained special importance in the modern economy.

Co-operation means helping each other, to live and work together in family and social life. There is a keen relation between co-operation and social life. In addition of staying together co-operation also includes collective efforts to help each other. Working together for every one's interest has a special significance in co-operation.

In this topic, we will study the concept of co-operation.

### 1.2 Meaning and Definition of Co-operation :

#### 1.2.1 Meaning :

The word co-operation is derived from the Latin word '**Co-operari**'. '**Co**' means together and '**operari**' means to work. Therefore, co-operation means to work together. Thus co-operation is working together for a common purpose. If we want to work together, we need to help each other. The people cannot fulfill their needs personally/individually so these needs are fulfilled with the help of each other. Co-operation is the society formed by the people of the economically weaker section to fulfill their various needs with the help of each other.

#### 1.2.2 Definition :

**The various great thinkers have defined Co-operation as follows :**

- 1) Mr. H. Calvert: defines Co-operation as "A Form of organization in which persons voluntarily associates together as human beings on basis of equality for the promotion of economic interest of themselves".

- 2) Mr. Vaikuntalal Mehta (the veteran co-operator of India) has defined Co-operation as “The voluntary association of peoples having common needs and formed to fulfill their common economic need is known as co-operative society”
- 3) 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”
- 4) Co-operative planning committee (1946) defines Co-operation as “Co-operation is a form of organization in which persons voluntarily associates together on a basis of equality for the promotion of their economic interest”.
- 5) Prof. Paul Lambert defines “A Co-operative society is a business organization formed and directed by an association of persons, applying itself the rule of democracy and directly intended to serve both to the members and the community as a whole”.



#### **Activity :-**

1. Give some examples of co-operation used in your day-to-day life.
2. Discuss - “The importance of team spirit in personality development”.

### **1.3 History of Co-operation :**

In this chapter, we are going to study the history of Co-operative movement in World, in India and in Maharashtra.

#### **1.3.1 World Co-operative Movement :**

The origin of the co-operative movement was in England of the Europe continent. In the year 1760, industrial revolution took place in Europe. The influence of industrial revolution led to increase in capitalism. As a result, the company’s workers and labourer’s were exploited by profit-making capitalists. The workers were paid very less wages. Apart from this, the working hours of the workers were also increased due to this poverty among the workers increased. Consumers were cheated by selling fake goods, less weight and adulterated goods at higher prices, due to the financial exploitation they become more poor. The profit margin of the capitalists increased day-by-day and they became more and more rich. So, there was a wide gap between the rich and the poor which leads to economic inequality. Hence efforts were started to find solutions on it.

Increase in capitalism and earning of huge profits gave rise to co-operation. Sir Robert Owen established worker’s co-operative Societies. Sir Robert Owen laid the foundations of co-operation by using co-operative principles. Hence, Sir Robert Owen is considered as Father of the Modern Co-operative Movement. 28 Weavers of Rochdale pioneers came together in England and established ‘Rochdale Equitable Pioneers Society Ltd’ in 1844. They started the Consumer co-operative Stores which laid the foundation of Co-operative Movement.

In this period, Credit co-operative movement was started in Germany. Co-operative movement was started in Canada, China and Russia through Co-operative farming societies. Co-operative movement started in Denmark with the establishment of milk co-operatives

in the country. In Sweden, consumer co-operative society was started. During this period, co-operative movement were started gradually in other countries of the world.

In 1895 an International Co-operative Alliance was established in London. This organization represents co-operation at global level. This organization has big contribution in development of co-operative movement.



#### **Activity :-**

3. Sir Robert Owen is considered as the Father of Modern Co-operative Movement. Discuss.

### **1.3.2 Indian Co-operative Movement :**

In 18th century due to Industrial revolution in England goods were produced on a large scale. India was a source of big market for raw material and finished goods for the British people. Due to industrial revolution and British policy the small and cottage industries were shut down in India. Artisans and workers became jobless and they turned to agriculture for employment. As a result, the dependency on agriculture was increased. Due to burden on agricultural sector and drought, the condition of the farmer became weak. The debt burden on the farmers was increased and they were stucked in the clutches of moneylenders. To save the farmers from the clutches of moneylenders government took legal measures for providing credit facilities.

The first co-operative society named as “Annyonya Co-operative Society” was established on 5th February, 1889 by Vitthal Laxman Kavathekar at Baroda in Mumbai province. The British Government passed the first co-operative act in 1904. This act was the great turning point in economic and social history of Indian farmers. This act was limited only for the formation of Credit co-operative society. In the year 1912, the second Co-operative Act was passed to remove the drawbacks of the 1904’s act. This act provides establishment of co-operative societies in all the sectors.

The British government appointed a committee to study the progress and drawbacks of co-operative movement under the chairmanship of Edward Maclagan in the year 1914. This committee gave valuable suggestion for future development of the co-operative movement. After the First World War in 1919, the central government passed “Montford Reform Act” and powers were given to the states for the enactment of separate co-operative Act in their provinces. Accordingly, The Bombay provincial government act was passed in 1925.

On the recommendations of the various committees appointed for the reconstruction of the co-operative movement The Reserve Bank of India was established on 1st April, 1935. This bank started the Agricultural credit supply department. During this period, the Central Government appointed the “Agricultural Finance Committee” (1944) under the chairmanship of Prof. Dhananjayrao Gadgil and in 1945 Co-operative Planning Committee under the chairmanship of Mr. R. G. Sarayya. In 1945 government of India appointed a “Rural and

Banking Committee” under the chairmanship of Shri. Purushottamdas Thakurdas to make recommendations for rural banking facilities and development. In 1951, All India Rural Credit survey Committee was established under the chairmanship of Dr. A.D. Gorewala to study the credit supply in rural areas and to make the recommendation to the government on rural credit. In the year 1954, the committee submitted its report to the government. In this report the committee has mentioned “co-operation is unsuccessful but co-operation must be successful”.

After the independence, the government of India adopted the policy of five-year plan for economic development from the year 1951. During the Five-Year Plan, emphasis was given to increase people’s participation for development of the co-operative movement.

### 1.3.3 Co-operative Movement in Maharashtra :

Maharashtra states leads in co-operative sector, having network of co-operative societies through out the state. Various co-operative societies like Credit co-operative society, Non-Agricultural credit co-operative society, Marketing co-operative society, Consumer co-operative society, Processing co-operative society, Service co-operative society, Workers co-operative society, Housing co-operative society were established. Due to active working of these co-operative societies common man, farmers came into contact with co-operative societies in Maharashtra. The co-operative movement has a history of more than hundred years.

Mumbai District co-operative society were started in the year 1923. This bank was converted into State Apex co-operative bank and which is now functioning as “Maharashtra State Co-operative Bank”. In Maharashtra there is three tier system of Credit co-operative society. At primary level Primary Credit Co-operative Society, at district level District Central Co-operative Bank, while at state level State Co-operative Bank (Apex bank).

With the efforts of Prof. Dhananjay Rao Gadgil and Padmashree Dr. Vitthalrao Vikhepatil the first co-operative sugar factory was established in 1991 at Pravaranagar in Ahmednagar district. Through this a new era of co-operative movement was started in Maharashtra.

On 1st May 1960 Maharashtra state was established. Maharashtra State Co-operative Society’s Act 1960 was passed and Co-operative Societies are regulated under this act. In 1961 there were 31565 co-operative societies in Maharashtra which increased up to 198252 in the year 2018. As the number of co-operatives societies increased, there was also increase in the number of members, share capital, loans and deposits.

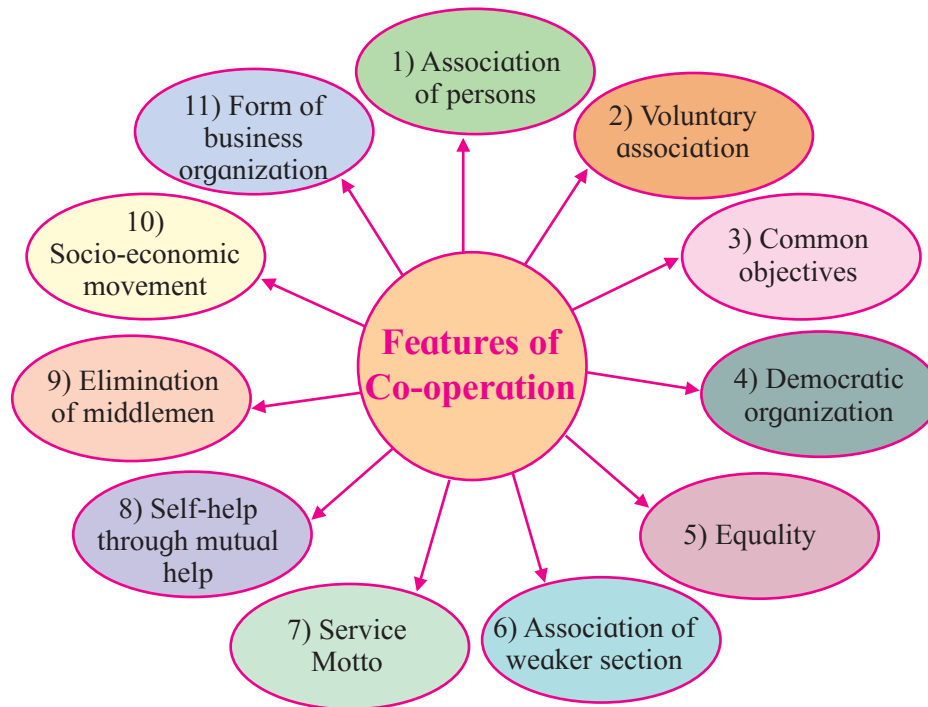
To have proper co-ordination Central Government had made 97th Constitutional Amendment in the Act in the year 2011. Accordingly, on 14th February 2013 by passing an ordinance the Maharashtra Government has also made amendments in the Maharashtra Co-operative Societies Act, 1960.



#### Activity :-

4. Discuss with your teacher about the important events that lead to the co-operative movement in India.

## 1.4 Features of Co-operation :



### The features of Co-operation are as follows :

- 1) Association of Persons :** The income of various individuals is limited. Such economically weaker people come together and form co-operative society to meet their common needs collectively. “Each for all and all for everyone” works together. All members are owners of the society. The person (member) of this society is more important than capital in co-operative society. To form co-operative societies, minimum 10 persons from different families are required. Co-operative society is established under the Maharashtra Co-operative Societies Act 1960.
- 2) Voluntary Association :** The membership of co-operative society is voluntary. For membership caste, creed, religion, financial conditions are not considered. There is no compulsion on anybody to become a member or to cancel the membership of co-operative society. It is the right of a person to decide whether to become or not to become the member of co-operative society. Hence, co-operative society is a voluntary association.
- 3) Common Objectives :** The objective of the members joining co-operative society is common. The persons having common needs come together to fulfill their common objectives and establish co-operative society. For example, Individuals who are in need of house will come together and form Housing Co-operative Societies.

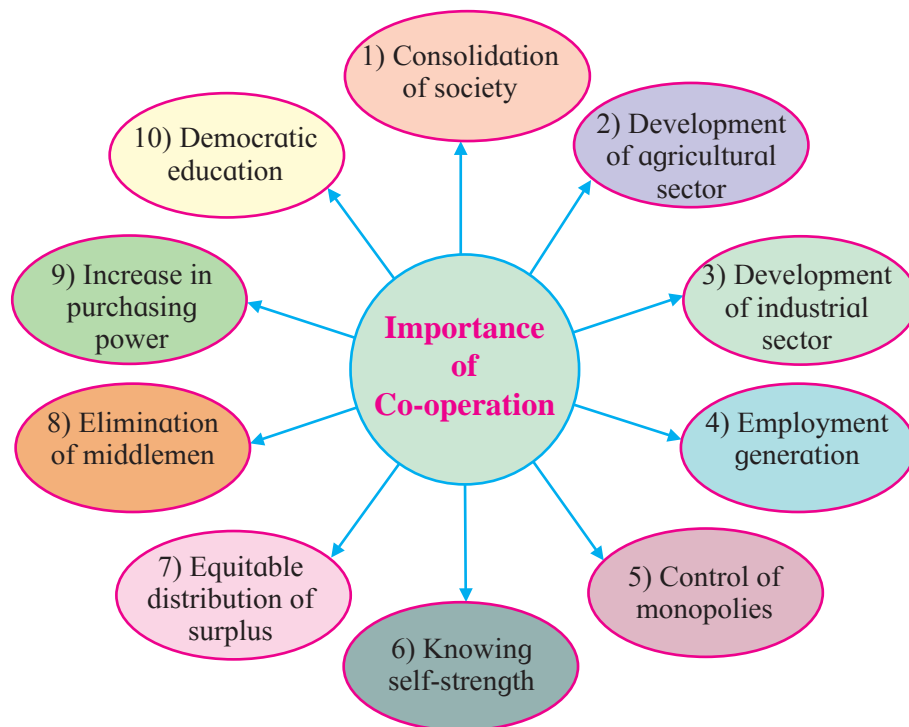
- 4) **Democratic Organization :** Co-operative society is a democratic organization. A member is more important in a co-operative society rather than capital. The member's capital may be less or more, 'One member one vote' principle is applied in co-operative society. The working of co-operative society is conducted in democratic manner by the elected representatives of the members, which is known as Managing Committee. Democratic management is foundation of co-operation.
- 5) **Equality :** While admitting a member in Co-operative society his caste, creed, color, religion, economical status, capital contribution, social status, etc. is not taken into consideration. No one is superior or inferior in co-operative society. All the members have equal right and powers in Co-operative society. All the members are treated equal in co-operative society. Therefore, equality is considered as a foundation of co-operation.
- 6) **Association of Weaker section :** Economically weaker people cannot improve their economic condition on their own capacity. Such economically weaker people come together and improve their power through team spirit to protect them from economic exploitation done by moneylenders, traders and agents collectively. Therefore, co-operative society is an association of economically weaker section of the society.
- 7) **Service Motto :** The main motto of co-operative society is to provide services to its member's. Earning profit is considered as secondary objective. But co-operative societies need to earn enough profit for meeting the administrative expenses. The society is expected to provide better services at minimum cost. Even the profit earned by the society through financial transactions is used for providing better services.
- 8) **Self-help through Mutual help :** In co-operative society, member's mutual co-operation is more important. The members take care of their individual economic interest and development through mutual help. For example, A credit co-operative society collects the monthly subscription from all members and lend loan to the needy member. Such member acquires loan from the society without any mortgage as well as they have the facility to repay the loan in easy monthly installments. Such loan means financial assistance provided to a member from all the members.
- 9) **Elimination of Middlemen :** We find various middlemen in financial transactions, but in co-operative societies there are no such middlemen. The middlemen earn their profit in transactions which leads to rise in the price of goods. These middlemen adopt various malpractices like adulteration of goods, using faulty measurement scales, and various such unfair trade practices which results in cheating of the consumers. The consumers and members are financially exploited by the chain of intermediaries like wholesalers, traders and brokers. The Co-operative societies buy the goods directly from the manufacturers and supply it to the members and consumers. Due to elimination of middlemen, the members get goods of better quality at reasonable prices. Therefore, elimination of middlemen is considered as an important feature of co-operation.



**10) Socio-Economic Movement :** The weaker sections of the society comes together and form a co-operative society and empower themselves to overcome the poverty. The increase in growth and progress of co-operative societies would reduce the exploitation of society made by the capitalists, industrialists and traders. It helps to reduce the gap between the rich and poor and will create economic equality in the society. The weaker section of the society fights against the capitalist with the help of co-operative societies. The extent to which the co-operative sector will grow and progress there will be equality in the societies which will result for rapid social changes in the society. Self-reliance, moral development and honesty are given importance in the co-operative movement. Therefore, co-operation is considered as a tool for a financial and social change.

**11) Form of business organization :** Before the establishment of co-operative movement in business sector the sole trading, partnership firm and other types of business organization were in existence. After certain period companies came into existence. But all these organizations aim at earning more profit. Capital is given more importance in such organizations. Co-operative society is also one of the important forms of business organization but the aim of co-operative society is not to make profit. Its main objectives are rendering services and protecting the common interest of members.

### 1.5 Importance of Co-operation :



Co-operative organizations play an important role in the economic development of the country. In modern social structure co-operation has vital importance. Co-operation has played a significant role in the development of rural and urban areas. From this point of view, the importance of co-operation can be further explained through the following points :

1. **Consolidation of society :** In co-operation, priority is given to the interests of the community rather than personal interest. Due to co-operation, discrimination on the basis of religion, caste, creed, sex, color, etc. is reduced and all are considered equal which results to increase equality, solidarity, reconciliation and harmony. And it helps in the formation of consolidated society.
2. **Development of Agricultural sector :** Basically, the co-operative movement was started in India to provide financial help for agricultural sector, co-operative credit societies were established to provide loans at low rate for the purchase of seeds, fertilizers, pesticides, equipments, electric pumps, tractors, pipelines etc. Due to increase in the agricultural production it results in development of agricultural sector.
3. **Development of Industrial sector :** Small producers, craftsman, artisans, labours come together and form an industrial co-operative society. These societies collectively purchase the raw material and sell the finished goods on behalf of the members. These societies provide encouragement to small and cottage industries. Due to this agriculture related businesses and agro- based processing sector is also developed. Sugar factories, co-operative cotton mill, co-operative oil seed processing etc. are established due to which there is development in industrial sector.
4. **Employment Generation :** Due to Co-operative society large scale employment opportunities are generated. Co-operative sugar factories, spinning mills, oil processing societies, etc. creates employment opportunities in large scale. Apart from this, employment is also provided directly or indirectly to the workers, agricultural labour, sugarcane workers, transporters and other service provider. There is also a need of employees to conduct day-to-day activities of co-operative society. Employment opportunities have increased due to establishment of various co-operative societies.
5. **Control on Monopolies :** In rural areas, the moneylenders provide loan to the farmers at high interest rates. The establishment of co-operative credit societies has led to reduction in the monopoly of moneylenders as also intervention of middlemen and traders have also reduced. The consumers are protected from the drawbacks of monopoly. In this way co-operative societies controls the monopoly.

#### 6. **Knowing Self-Strength :**

Due to co-operation, financial poor people in the society can come together and protect themselves. They can fight against those who exploit them. This leads to development of qualities such as organizational and management skills, etc. which increases the confidence. Due to this member knows their self-strength.

#### 7. **Equitable Distribution of Surplus :**

The surplus/profit is distributed among the members in proportion of their share capital and business transactions done by the members with the society. Due to equitable distribution of surplus all members get share of profit which results in economical development of members.



8. **Elimination of Middlemen :** Co-operative societies purchase the goods directly from the manufacturer and sell it to the consumers. So, the chain of middlemen is eliminated. Some co-operative societies make efficient arrangements for the sale of agricultural goods. Therefore, the member farmers do not have to sale the goods through the middlemen and agents. Which results in saving the members from cheating done by exploitation of middlemen. The goods are sold directly to the consumers and the farmer receive fair price for the same. Consumers also get goods at reasonable prices. Due to co-operative societies adulteration, exploitation, scarcity of goods and profit of intermediaries have stopped. In this way co-operative societies helps in eliminating the middlemen.
9. **Increase in purchasing power :** Co-operative society supply quality goods to the consumers at the reasonable price. Therefore, purchasing power increases and goods are received at a reasonable price, the money is also saved.
10. **Democratic Education :** Management of co-operative society is conducted in democratic manner. The general body has all the powers in the co-operative society. All the decisions of the co-operative society are taken by the members in general body meeting in democratic manner. ‘One member one vote’ principle of democracy is applied in co-operative society of our country. People get democratic education through co-operation. This helps in strengthening the country’s democracy.



**Activity :-**

5. Due to Co-operative societies employment opportunities are created, Discuss this topic with your teacher.

## 1.6 Summary

The concept of co-operation has been originated from the association of human lives, and co-operation means to live together and to work together.

Co-operation is derived from the Latin word Co-operari. Co means together and operari means to work. It means co-operation is working together.

Many thinkers have given the definition of co-operation and it is clear that co-operation is the organization of individuals where in people come together to fulfill their common objectives on the principle of equality and to achieve the financial goals.

The co-operative movement was started in England. Robert Owen is considered as the father of the modern co-operative movement. In 1844, 28 weavers in England started the first co-operative society known as “The Rochdale Pioneers Society Ltd”.

During independence co-operative movement was developed in different stages. But it was not enough. Co-operative movement of 1904 and 1912 gave a momentum towards rapid development. After independence efforts have been made for the development of co-operative movement.

Maharashtra state is on top position among all the states in development of co-operative movement. In Maharashtra co-operative movement was started in 19th century. Maharashtra co-operative societies act 1960 gave a direction to the co-operative movement.

- **Features of Co-operation :**

1. Association of persons
2. Voluntary Association
3. Common Objectives
4. Democratic organization
5. Equality
6. Association of weaker section
7. Service motto
8. Self-help through mutual help
9. Elimination of middlemen
10. Socio-economic movement
11. Form of business organization

- **Importance of Co-operation :**

1. Consolidation of society
2. Development of Agricultural sector
3. Development of Industrial sector
4. Employment Generation
5. Control on Monopolies
6. Knowing self-strength
7. Equitable distribution of surplus
8. Elimination of Middlemen
9. Increase in Purchasing power
10. Democratic Education

## 1.7 Key Terms

1. **Democracy :** The rule by the people, of the people and for the people in the state.
2. **Co-operative movement :** Economically and financially weaker people of society comes together for their economic development.

## 1.8 Exercise

### Q.1 A) Select the proper option from the options given below and rewrite the sentences

1. The co-operative movement was originated in \_\_\_\_\_ country.  
(a) England                      (b) Germany                      (c) France
2. Economically \_\_\_\_\_ people in the society comes together and form the co-operative society.  
(a) Rich                      (b) Weak                      (c) Capitalist
3. Co-operation is an association of \_\_\_\_\_.  
a) People                      (b) Capital                      (c) Middlemen
4. The co-operative movement was started in England in \_\_\_\_\_ year.  
(a) 1944                      (b) 1844                      (c) 1880
5. In India the first co-operative act was past in the year \_\_\_\_\_.  
(a) 1904                      (b) 1960                      (c) 1912
6. First sugar co-operative factory in Maharashtra was started in \_\_\_\_\_.  
(a) Kolhapur                      (b) Pravaranagar                      (c) Nagpur
7. All the members in a co-operative society are treated \_\_\_\_\_.  
(a) Unequal                      (b) Equal                      (c) Minor
8. Prime object of a co-operative society is \_\_\_\_\_.  
(a) Earning profit      (b) Rendering services      (c) Exploitation
9. \_\_\_\_\_ was the chairman of All India Rural Credit Survey Committee.  
(a) Prof. Dhananjayrao Gadgil      (b) R. G Saraiya      (c) Dr.A.D Gorwala

### B) Match the following :

Group 'A'	Group 'B'
a. Equitable distribution of surplus	1. To provide service
b. India first co-operative act	2. 1912
c. Prime object of co-operative society	3. In proportion of business transaction
d. Working of co-operative society	4. Democracy
e. Origin country of co-operative movement	5. Germany
	6. To earn profit
	7. In proportion of shareholding
	8. Dictatorship
	9. England
	10. 1904

**C) Write a word or a phrase or a term which can substitute each one of the following statements :**

1. Owner of co-operative society
2. A source of socio-economic changes of the society
3. Father of co-operative movement
4. The first co-operative society act in Maharashtra
5. The second co-operative act in India

**D) State whether the following statements are True or False :**

1. Co-operative society is a voluntary association.
2. Co-operative societies are formed with the prime object of earning profit.
3. Co-operative society do not discriminate their members.
4. Co-operative society is an organization of dictatorship.
5. Co-operative societies helps to eliminate the chain of middlemen.
6. Co-operative societies control monopolies.

**E) Complete the following sentences :**

1. Co-operation means association of \_\_\_\_\_ people.
2. In co-operation more importance is given to \_\_\_\_\_ than capital.
3. The co-operative act is established in \_\_\_\_\_ year.
4. Five-year plan was started from \_\_\_\_\_ year in India.
5. Co-operative movement was started in \_\_\_\_\_ nation of Europe continent.

**F) Select the correct option :**

1. Father of Co-operative movement	<input type="text"/>
2. <input type="text"/>	One member
3. Origin country of co-operation	<input type="text"/>
4. <input type="text"/>	In proportion with capital
5. First co-operative Act in India	<input type="text"/>

1904, England, One vote, 1912, Germany, Sir Robert Owen, Distribution of surplus / profit.

**G) Answer in one sentence :**

1. What do you mean by co-operation?
2. Why Sir Robert Owen is called as Father of Modern Co-operative movement?
3. What do you mean by managing committee?
4. What do you mean by open and voluntary association?
5. What is the name of first consumer co-operative society in England?

**H) Correct the underlined word and rewrite the following sentences :**

1. The main aim of co-operative society is to earn Profit.
2. First co-operative sugar factory was established at Mumbai.
3. Co-operation means association of Capitalist.
4. The origin of co-operative movement was from France.
5. The Rich people among the society come together and form a Co-operative society.
6. Co-operative society is an association of Dictatorship.

**I) Find the odd one :**

1. a) 1960 Act      b) 1904 Act      c) 1956 Act      d) 1912 Act

**J) Arrange in proper order :**

1. a) India's Second Co-operative act.  
b) Co-operative Mumbai region.  
c) India's First Co-operative act.
2. a) Co-operative Planning Committee.  
b) Rural and Banking Enquiry Committee.  
c) Agricultural Financial Committee.

**Q.2. Explain the following key terms :**

1. Co-operation.
2. Equality.
3. Democratic education.
4. Consolidation of society.
5. Knowing self-strength.

**Q.3. Application based/ Self-opinion question :**

1. How will you explain the term co-operation to a person.
2. Express your views on Indian co-operative movement.

**Q.4. Write short notes :**

1. Meaning of co-operation.
2. Importance of co-operation.
3. Features of co-operation.
4. International co-operative movement.

**Q.5 Give Reasons :**

1. Service is the main motto of co-operative society.
2. Co-operative society is a democratic organization.
3. Due to co-operative society middlemen are eliminated.
4. Co-operation is a tool of socio-economic changes in the society.

**Q.6 Answer in short :**

1. Explain features of co-operation.
2. Explain importance of co-operation.
3. Write the information of co-operative movement in India.

**Q.7. Long answers :**

1. State the meaning of co-operation and explain the features of co-operation.
2. Explain the importance of co-operation in detail.

