

of the Central Registrar of Cooperatives to the State Registrars for all practical purposes.
UNIT 1 - Introduction

Rural Development during colonial period

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1.1 **Introduction:** Rural Development is not a new concept for India rather it is a very basic principle of our culture. The famous epics like Ramayana and Mahabharata teach us the dignity of humanity and benevolence and justice to people. In ancient days, our villages were self-sufficient and requiring very little assistance from outsiders. However, during British rule, the rural economy was destroyed and the rural mass was made dependent on goods and services provided by outsiders. There was no rural development policy as such to make the people self-reliant. Some of the rural development activities were taken up by the British Government in India during the Great Bengal Famine. These attempts were of very limited scale without having legal sanctions behind the move.

1.2 Rural Development during Colonial Period

1.1.1 Efforts by the British Rulers:

During the British period, the British government was never serious about the rural development. But, they acted under compelling situation like famines and economic distress. During 1800 to 1825, it was reported that there were five famines; during 1825 to 1850, two famines; during 1850 to 1875, six famines; and during 1875 to 1900, there were eighteen famines in different parts of the country. Famines forced the British government into action. The Famine Commission of 1880, 1898, 1901, the Irrigation Committee of 1903, the Commission on Co-operation of 1915 and the Royal Commission on Indian Agriculture were the efforts of the Government to improve the economic condition of the common man, but seldom were the reports of the commissions implemented in right spirit. However, during these periods, the most active role in the

of the Central Registrar of Cooperatives to the State Registrars for all practical purposes. field of rural development was played by the Christian missionaries who aimed at the all-round development of their Christian converts. In the year 1887, British Government heeding to the representation made by Manchester Cotton Supply Association established the Department of Revenue, Agriculture and Commerce. But, this department did not do much related to agriculture development except the collection of agricultural statistics. Famine Commission's (1880) recommended establishment of separate agriculture department in the government. It was Lord Curzon who was Viceroy of India, during 1901-05, whose effort succeeded in establishing department of agriculture at provincial levels. The Northwest province (at present Uttar Pradesh) was the first province to set up an Agriculture Department, and an Imperial Agricultural Research Institute at Pusa (Bihar). This was followed by the Indian Agriculture Service, which was constituted in 1906. The Government of India Act 1919 empowered the transfer of all the Development Departments connected with rural development to the major provinces and thereafter agricultural development become a state subject. The Royal Commission on Agriculture (1928) suggested the government to establish Agriculture Departments and agricultural research institutes to help the cultivators in providing the necessary guidance to increase agricultural production.

Prior to independence of the country, many reformers and philanthropists started various innovative rural development programmes either alone or with association with other organizations for the benefit of the poor people. Some of them are:

1. Rural Reconstruction Programme (1890) in Baroda

Maharaja Sayajirao Gaekwad III started rural reconstruction programme in the whole state of Baroda in 1890. He emphasised that there should be long rule of determined welfare administrator for achieving rural development. Besides, political and social stability, supportive legislation, etc are required for quick result.

The important approaches of the Programme

- Integrating and collaborative works of various departments
- Proactive administrative approaches to different social issues
- Working together of different local bodies, associations, voluntary agencies, etc at village level for speedy development.

2. Scheme of Rural Reconstruction (1903)

Daniel Hamilton started Rural Reconstruction programme in 'Sunderban' areas of West Bengal in 1903 with the basic principles of co-operative management and solving of rural problems. He established Cooperative Credit Society, Central Cooperative Bank, Cooperative Marketing Society and Rural Reconstruction Institutes in their adopted

of the Central Registrar of Cooperatives to the State Registrars for all practical purposes. villages for overall development of the rural people. The rural reconstruction institute provided various training facilities to the villagers on cottage industries. Through these institutions an effort was made to organize people into groups. When people come together, there is bound to happen something. This something happening is contributing for development. Through Cooperative Banks, society was served with financial support, which was very essential for bringing changes. Even today financial support is a key element of ensuring development. The latest examples of financial support for the weaker sections of society include Pradhan Mantri Jan Dhan Yojana, Life insurance schemes just paying Rs.1.00 per month etc.

3. Servants of Indian Society (1905)

The person who brought to and taught political life to Gandhiji was Gopal Krishna Gokhale. He was also having concern for introducing developmental initiatives in rural areas. The servants of Indian Society was funded by Gopala Krishna Kokale as a political society at Poona. It laid strong emphasis on socio-economic and educational activities. Later Kokale started training centres in Madras State(Chennai), United Province and Central Province (Madhya Pradesh) and published booklets on the basic education and labour problems, etc. The training centres in villages imparted training on agriculture and cottage industries. There is organic relationship between the agriculture and cottage industries in villages. Cottage industries support agriculture by proving implements and other inputs. In turn agriculture provides raw materials to cottage industries. Hence, all development thinkers emphasized on development of small scale and cottage industries. Compared to other nations, India is having maximum number of people dependent on agriculture. Hence, the issues become more pertinent in this regard. Village should be the centre of development, otherwise there will be imbalanced growth in the nation. It happened to majority of extent. Now the institutions are opening their eyes and making all possible efforts to provide urban facilities in rural areas. Even though the sangha was established in Pune, Maharashtra, it was operational in the states of Madhya Pradesh, Uttar Pradesh and Orissa. The beauty of the organization is, it is still active in these areas and working for the cause of development. Apart from these developmental initiatives Sangha published books on basic education, labour problems, indebtedness etc.

4. Economic Conference of Mysore (1914-18)

This was launched by Dr. M.S. Visweswarya as the Divan of Mysore state. It was planned to have an overall development of the locality. Agriculture was given priority in the scheme. Various committees were formed with officials of district and taluk to survey the needs and formulate plans for implementation. The committee used to survey the needs and prioritise the problems for addressing. The main aim of the programme was to achieve the all-round progress of rural areas by giving emphasis on agriculture

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development.

5. The Gurgaon Experiment (1920)

The Village Development Programme was started by F.L. Brayne, a Britisher, appointed as Deputy Commissioner, in Gurgaon district of Punjab and Haryana. He emphasised on the dignity of labour and self-help. For the first time, he appointed 'Village Guide' to act as link between the programme and villagers. The village guides were trained to provide basic services to the villagers on health and agriculture production. The role of school teacher as a motivator in the village to create awareness about various development programmes was also visualised under this programme. The programmes did not succeed to yield good results because it was perceived by the villagers as imposed upon them. There was no participation of the villagers in the programme. There was lack of interest and the programme did not make much head way after the transfer of Brayne from Punjab. However, the programme again gained momentum when Bryane was posted in 1933 as Commissioner of Rural Reconstruction in Punjab.

6. Marthandam Attempt (1921)

This programme was started by Dr. Spencer Hatch in 1921 at Marthandam (place nearer to Kanyakumari in Tamil Nadu) with the help of YMCA (Young Man Christian Association). The main objectives of this project were five-fold, namely, mental, spiritual, physical, economic and social development. The importance was given in the programme from the very beginning not to depend on Government assistance rather on self-help and self-reliance. Rural Reconstruction Centre at Marthandam had demonstration units having activities on honey production, cottage industries, livestock, poultry, seed production, etc for giving training to local people. The programme through YMCA facilitated the marketing of rural products through cooperative organisations. Different clubs like egg selling club, honey club, seed club, weaver's club were organised under this programme. The programme successfully changed the attitude of the rural people on their dependence on Government for their welfare. It created desire among the people to change their situation through mutual cooperation and self-help.

7. Sriniketan Rural Reconstruction Programme (1921)

The Poet Rabindranath Tagore set up an Ashram at Shantinikatan (West Bengal), a peaceful place away from Calcutta. He started his rural development activities with L.K. Elmhirst from his institute of reconstruction with objectives of to improve village situations and developing interest among youth in rural development works. The institute of rural reconstruction conducted several demonstrations on farmers' holding on improved agricultural practices, established a dairy and poultry to supply milk, eggs, better animals and birds to the farmers for breeding. The programme emphasized on helping villagers to develop agriculture, livestock, formation of cooperatives and

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8. Sevagram Project (1923)

This project was started by the Father of Nation, Mahatma Gandhi in 1923 but it had really started in 1920 as All India Spinners' Association. His project was based on the principles of "Truth and Non-violence". He promoted village industries, adult education, removal of untouchability, rural sanitation, etc for all round development in the village life. The objectives of the project were to provide service to the underprivileged section of the society for self-dependency. The main activities of the project were organisation of training centre for cottage industries, prohibition, removal of untouchability, stressing women education and basic education and preaching and practicing of communal unity. Gandhiji believed in a philosophy of life which would achieve the welfare of all people (Sarvodaya).

9. Rural Reconstruction Programme in India (1932)

The project was started by V.T. Krishnamachari in Boroda state in 1932. The programme aimed at developing a will to live better and to develop capacity for self dignity and self reliance. The programme mainly included the activities like digging of water wells, distribution of agriculture inputs and establishment cooperatives, panchayats, etc. The rural reconstruction centre established in 1932 worked in a group of villages round Kosamba (in Navsari District). The basic concern of the programme was that how to provide work to the people during lean agriculture period. Millions of people who remained unemployed during that period were provided various vocational skills for earning income from other than agricultural activities.

The centre aimed at:

1. Effecting an improvement in all aspects of rural life i. e. changing the outlook of the agriculturists, the problem being "the development of the desire for a higher standard of living,"
2. To undertake intensive work to release this aim,
3. To develop best type of village leadership; and to undertake the following programme:

- a) Economic Programme consisted of:
 - (i) Development of subsidiary occupation like kitchen gardening, weaving, poultry farming, sericulture, bee-keeping etc.
 - (ii) Farm improvements in cotton and other crops
 - (iii) Co-operative society to inculcate thrift and
 - (iv) The village panchayats to provide for sanitation, village roads and drinking water supply.

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b) Education and Moral Programmes included Adult Education:

development of community sense and of a feeling of solidarity in the village; propaganda against evils like early marriages and unreasonable customs connected with social observances; the proper use of village libraries; the scout movement and other educative work through lantern lectures; in short, making village life full and interesting. The village school should be the centre of all such activities.

The programme of rural reconstruction was to be part of a wider programme for bringing about a rapid increase in standard of living. Increased agriculture production lay at root of all development. Therefore, the programme was progressively expanded to cover measures such as provision of irrigation facilities; conservation of soil; production of nucleus seed; their multiplication and distribution; education in agriculture and supplementary occupations.

10. Rural Development Programme (1935)

This is a Government Programme initiated in 1935-36 with the announcement of a grant of Rs. 1 crore by the Government of India for distribution to the provinces for the economic development and improvement of rural areas. The programme aimed at encouragement of village industries, improvement of village communication, rural sanitation and recreation, medical aids, agricultural improvements, etc. Rural reconstruction centres were organised for intensive work in the specially selected areas and various non-official organisation and educational bodies also did lot of work in this direction.

11. Grow More Food Campaign (1943)

This was started in 1942 after the crisis of food grains in Bengal. This campaign was done in an organised way to increase agricultural production. More emphasis was given on use of improved agricultural techniques in farming. Trained field men were employed. Fertilizers and improved seeds were distributed to raise food production. The Grow More Food Campaign Enquiry Committee under the chairmanship of V.T. Krishnamachari observed that the campaign failed to achieve the expected results due to various shortcomings in the basic strategy like, very narrow and restricted scope of operation, lack of integrated approach and the short-term objectives of increasing productivity, etc. It was also observed that the movement only touched a fringe of the population, and did not arouse widespread enthusiasm, or became in any sense a national programme. Due to lack of coordination between different departments, the programme did not function effectively. A committee was appointed by Government of India to enquire about the working of this programme and suggest ways and means to improve it. The G.M. F. Enquiry Committee Report (1952) recommendations were:

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1. Reorganisation of administrative machinery of the Government to respond to the new concept of India as a welfare state.
2. Mobilisation of the best non-official leadership available in the country to guide the 60 million farm families in the villages in their effort to improve their own condition.
3. Establishment of an Extension organization for rural work, which would reach every farmer and assist in the coordinated development of all aspects of rural life.
4. Staffing pattern should consist of a B.D.O., four technical officers and twelve VLWs for a Tahsil or Taluk, with an average of 120 villages.
5. The development activities at the District level will be under the Collector assisted by Specialists. The non-official side will consist of a District Board to which MPs and MLAs should be added as members
6. At the State level there should be a cabinet and a non-official board for facilitating joint action. The Development Commissioner should be in-charge of the entire rural development programme, and
7. The economic aspect of village life cannot be detached from broader social aspect. Agricultural development is, in every respect linked up with a whole set of social problems. All aspects of life are inter-related and no lasting results can be achieved if individual aspects of it are dealt with in isolation.

12. Indian Village Service (1945)

This was a mission project and was operated in U.P. districts in 1948 under the direction of Dr.W.H. Wiser. The objectives of the programme were to develop good individuals, volunteer leaders and local institutions to work together for development of their own village. For creation of awareness of the different government programmes, various means like personal contact, demonstration, group discussion, informal meetings, use of visual aids etc. were used.

13. Firka (Village) Development Scheme (1946)

Firka Development scheme was a Government sponsored Scheme first started in 34 firkas in the then Madras State by T. Prakasam in 1946. The scheme was later extended to other firkas. Based on Gandhiji's idea of 'Village Swaraj', the programme emphasized on providing housing, education, water supply, developments of roads, improvements of sanitation, etc. The programme was directed in each firka by firka development committee consisting of officials and non-officials. At macro level, the programme emphasized on improvements in agriculture, development of village industries, formation of Panchayat, setting up cooperatives, encouraging social and cultural activities, etc. The administrative structure consisted of Director of Rural Welfare at the State level, the Collector at District level, the Rural Welfare Officer at Firka level and 5 to 10

of the Central Registrar of Cooperatives to the State Registrars for all practical purposes. Gramasevaks under him. Besides these, staffs for Agriculture and Public Works were also provided for every Firka. Later in 1953-54, the Firka Development Scheme was merged with Community Development Programme and National Extension Service Programme.

Merits and Demerits

The above discussed programmes were implemented in different regions of our country under different politico-socio-economic conditions. They varied in area of operation, population coverage, financial position and other resources. They were designed according to the prevailing problems of the area and policy makers' perception to the problems. The programmes initiated during pre-independence era had had one or the other shortcomings which are summed up as follows :

1. Attempts were isolated, uneven and discontinuous.
2. Most of the efforts were based on individual initiative.
3. Government backing and financing were not forthcoming.
4. Lack of involvement of people in programme implementation.
5. Plans and programmes were ill-defined and unbalanced.⁶ Staff were mostly inexperienced and untrained.
6. No evaluation was carried out; hence the results were not known.
7. Association and coordination other development departments were very limited

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Unit-II

Community Development Programme

Structure:

- 2.1 Introduction
- 2.2 Planned Strategies for Rural Development in India
- 2.3 Community Development
 - 2.3.1 Concepts of Community Development:
 - 2.3.2 Essential Elements of CD
 - 2.3.4 Objectives of the community development programme
 - 2.3.5 Philosophy behind Community Development Programme
- 2.4 Community Development Programme (CDP)
- 2.5 National Extension Service (NES)
- 2.6 Evaluation of CDP
- 2.7 Weaknesses in the community development Programme:

Introduction

The Food and Agriculture Ministry appointed a Committee in 1952 to examine the Grow More Food activities of the Government which were in implementation and to suggest measures for ensuring rapid expansion of agricultural production. The Grow More Food Campaign Inquiry Committee observed that agricultural improvement was a very important part of a much wider problem of raising the level of rural life in the country. The committee pointed out that:

- (i) all aspects of village life were interrelated,
- (ii) improvement could be brought about by a number of detached programmes operating independently
- (iii) there was lack of unity of efforts between various institution and organisation
- (iv) the available finance was not adequate, and
- (v) the rural community as a whole did not participate effectively in the campaign. In short, "the movement did not arouse nation-wide enthusiasm and did not become a mass movement for raising the level of village life".

The Committee recommended that there was need of an organisation similar in conception to the "extension" or "advisory" services in the U.S.A., the U.K. and

of the Central Registrar of Cooperatives to the State Registrars for all practical purposes elsewhere." for intensive rural development work. It proposed the formation of development block consisting of 100 to 120 villages, and the appointment of revenue officers as development officers or extension officers, assisted by technical officers for agriculture, animal husbandry, co-ordination and engineering. For actual work in villages, the Committee suggested the appointment of one village level worker for every five or ten villages. He will be the joint agent for all development activities and will convey to the farmer, the lessons of research, and to experts the problems of the farmers, and arrange supplies and services needed by the farmers, including preliminary assistance in the animal and plant disease. The Committee also described broadly the functions of the extension service, the manner in which the extension organisation would operate, the arrangements required in training of the required staff, the way in which non-official leadership should be associated with the work of village development at the village, taluka, district and state levels. The need for setting up an independent organisation of the suggestions made, the manner in which the assistance should be rendered to the state governments as well as to villagers for development work, the role of the central and stage governments in this effort was also emphasized by the committee. Also one of the recommendations of the Committee was that an extension agency should be set up for rural work, which would reach every farmer and assist in the coordinated development of rural life.

2.2 Planned Strategies for Rural Development in India

The Planning Commission set up the Government of India in 1950 to formulate the First Five Year Plan summarized the reasons for failure of the earlier efforts by the governmental and voluntary organisations as follows-

- i. Most of the schemes are short duration
- ii. The activities were not properly planned and coordinated
- iii. Initiatives come from the Government side and not from the people the programmes.

Based on these experiences, the Planning Commission, gave the highest priority to the development of agriculture and irrigation in the First Five-Year Plan. The Commission fixed substantially high targets of internal production and decided that the drive for food production should form part of plans for overall agricultural development, and that agricultural improvement in its turn should form an integral part of the much wider efforts for raising the level of rural life condition. The Commission prescribed "Community Development" as the method for initiating the process of transformation of the social and economic life of villages and "Rural Extension" as its agency. On the basis

of the Central Registrar of Cooperatives to the State Registrars for all practical purposes. of experiences, reports of earlier rural development programmes, enquiry committee report and successful experiences of Etawah Pilot Project, the Planning Commission of India suggested a systematic, planned and country wide community development programme in its First Five Year Plan report to address the issues of rural community. One of the initial moving forces for launching the Community Development Programme in India was First Prime Minister, Pt. Jawaharlal Nehru. He felt that the undeveloped human resource of the country could be involved in building new India through community development programme. It was out of this background that India's Community Development Programme (CDP) was born in 2nd October, 1952 with the aim to secure the total development of the material and human resources of rural areas and to develop local leadership and self-governing institutions.

2.3 Community Development

The term "Community Development" has been frequently used to indicate any efforts towards the advancement of community interests. It is described as a:

- process of change from the traditional way of living of rural communities to progressive ways of living.
- method of helping local communities to become more aware of their needs, to assess their resources more realistically, to organize themselves and their resources in such a way as to satisfy some of their needs through action projects.
- programme for accomplishing certain activities concerning the welfare of the rural people.
- movement for progress with certain ideological contents.

Community

A community is a group of people, who live in a continuous geographical area and have interests in each other for the purpose of making a living. It is a part of a larger social system which meet the basic social needs, through the function of which people have developed a sense of belongingness and ability to work together as an entity. A community, while in itself consisting of several parts, is also a part of larger social system. It is a dynamic social unit which is subject to change of internal or external pressure.

1. Communities are close-knit entities
2. Their customs are interrelated
3. These communities are complexes of sub-group relationship and
4. There is a discernible leadership within the community.

Development and Community Development

The term development implies growth or maturation. It implies gradual and sequential phases of change in all aspects of life. Cambridge Conference in 1948 defined

of the Central Registrar of Cooperatives to the State Registrars for all practical purposes, community development as a movement designed to promote better living of the whole community with the active participation of the community members. On the similar line, United Nations define community development as a process designed to create conditions of economic and social progress of the whole community with its active participation and fullest reliance upon the community initiation. According to MacIver "Development" to signify an upward course in a process "that is, of increasing differentiation.

2.3.1 Concepts of Community Development

1. Community development is a process of social action in which the people of a community organize themselves for planning and action, define their needs and problems.
2. Community development is a movement designed to promote better living for the whole community with the active participation and on the initiative of the community.
3. Community development is a balanced programme for stimulating the local potential for growth in every direction. Its promise is of reciprocal advance in both wealth and welfare, not on the basis of outside charity but by building on the latent vitality of the beneficiaries themselves with the minimum of outside aid.
4. Community development is technically aided and locally organized self help.
5. The term community development has come into international usage to denote the process by which the efforts of the people themselves are united with those the governmental authorities to improve the economic social and cultural conditions of the communities, to integrate these communities into the life of the nation and enable them to contribute fully to national progress.
6. Community development is the term used to describe the technique which many governments have adopted to reach their village people and to make more effective use of local initiative and energy for increased production and better living standards.
6. Community development is a process of social action in which the people of a community organize themselves for planning and action, define their needs and problems.

**Analysing the term- Community Development
a community:**

- a. Identify their problems and define their needs;
- b. Organize themselves formally and informally for democratic planning and action;
- c. Make plans to meet their needs and solve their problems;

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- d. Execute their plans with maximum reliance upon their own resources; and
 - e. Supplement their resources from outside the community, when necessary with services and material.

According to Carl Tylor, "community development is a method by which people in villages are involved in helping to improve their own economic and social conditions and thereby they became effective working groups in the programme of their national development". This carries the meaning that people became dynamic if they are permitted to make their own decisions and are helped to carry on the programme.

Murkerji describes Community development as a :

- *Process* of change from traditional way of leaving of rural communities to progressive ways of living;
- *Method* by which people can be assisted to develop themselves on their own capacity and resources;
- *Programme* for accomplishing certain activities in fields concerning the welfare of the rural people, and
- *Movement* for progress with a certain emotional and ideological content. It is a movement designed to promote better living for the whole community with the active participation, and initiative of the community by organising them to work for their wellbeing. Community development is used as a technique by many governments to reach the village people and to make more effective use of local initiative and energy for increased production and better living of the local people.

By analysing the above terms, we may say that community development programmes means a programme for gradual change in living standard of people living in a geographical area and have interest in each other for the purpose of making a meaningful living. It is a process by which the efforts of the people themselves are combined with those of governmental authorities to improve the economic, social and cultural conditions of communities, to integrate these communities into the life of the nation, and enable them to contribute fully to national progress.

2.3.2 Essential Elements of Community Development

The Successful Community Development programme stresses the following basic elements:

1. Must be based on the basic needs of the community development.
3. Must be aimed at increased and better participation of the people in community affairs, revitalization of existing forms of local government and transition towards effective local administration where it is not yet functioning.

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4. Identification, encouragement and training of local leadership should be a basic objective in any programme.
 5. Greater reliance on the participation of women and youth in community projects
 6. Community self-help projects require both internal and external assistance from the government.
 7. Implementation of a C.D.P. on a national scale require adoption of consistent policies, specific administrative arrangement, recruitment and training of personnel, mobilization of local and national resources and organization of research, experimentation and evaluation.
 8. The resources of the voluntary non-governmental organization should be fully utilized in community development programmes at the local, national and international level.
 9. Economic and social progress at the local level necessitates parallel development on a wider national level.

Objectives of the Community Development Programme

The objective behind the community development programme is to develop the condition of rural population. The elements of development are :

1. General: Farm, home, public service and village community.
2. Specific: To bring improvement in the production of crops and animals, living conditions, health and education of the people.
3. Elements which need change are: People-men, women and youth.
4. Change agents: The change agents are:

a. Voluntary local leaders-members of Panchayats, village and Block Advisory Committees etc.

b.

Professional community development workers- Village Level Workers, extension officers, block development officers etc.

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2.3.5 Philosophy Behind Community Development Programme

1. People Participate when their felt needs are addressed: The programme should help the community to solve some of the problems which it feels are existent.
2. People want to be free from poverty and pain: It is assumed that the members of the community want a standard of living that allows them to be free from pain caused due to lack of sufficient food, lack of sanitary conditions, lack of clothing and shelter.
3. People's values given due consideration: It is presumed that cooperation, group-

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4. People work for Self-Help and self-reliance: The people actually plan and work on the solution of their problems themselves of the problems of the community are entirely ameliorated through the efforts of some outside agency, then the development of such things as group decision making, self-initiative, self-reliance leadership etc. will not be forthcoming and it cannot be said that the community is developing.

5. People are the greatest resource: It is by getting the participation of the people in improvement activities that they become developed.

6. Change the way of people thinking: The programme involves a change in attitudes, habits, ways of thinking, relationships among people in the level of knowledge and intellectual advancement of people, changes in their skill practices of agriculture, health etc.

2.4 Community Development Programme (CDP)

One of the initial moving forces for launching the Community Development Programme in India was First Prime Minister, Pt. Jawaharlal Nehru. He felt that the undeveloped human resource of the country could be involved in building new India through community development programme. The central objectives of India's first planned programme of community development were to secure the total development of the material and human resources of rural areas and to develop local leadership and self-governing institutions. The CDP was launched on 2nd October 1952 on the birth anniversary of Father of Nation, Mahatma Gandhi in the country with active cooperation of Ford Foundation, USA. It was intended to be the first step in a programme of intensive development which was expected to cover the entire country over a period of time. Initially, the CDP was launched in 55 project areas located in different parts of the country. Each project of Community Development Programme consisted of about, 300 villages covering over 400-500 square miles and having a population of around 2 lakhs. The project area was divided into three development blocks, each comprising 100 villages and population around 60 to 70 thousands. In areas where a full project was blocks were further divided into groups of 5 to 10 villages, and a multi-purpose village level worker was given charge of the villages. Intensive development work was taken up in all fields. The rural people showed great interest in the programme and participated for their economic development. Knowing the beneficial effect of the programme on community development, the Members of the State Legislative Assembly and Parliament demanded the expansion of the programme to their areas. Due to political pressure, the country was forced to implement a new programme which was less ambitious and

of the Central Registrar of Cooperatives to the State Registrars for all practical purposes, extensive called as National Extension Service (NES) in 1953 to cover the whole country in eight years and the more extensive CDP in twelve years. The NES scheme was designed to provide the essential basic staff and a small amount of funds with which the people could start the development work essentially on the basis of self-help whereas intensive development work was taken up in all fields under Community Development Programme. The NES blocks were subsequently converted into CDP blocks.

2.5 National Extension Service (NES)

The people of the community development project areas responded enthusiastically and indeed much beyond the expectations of the Government within few months of launching. This success put a pressure on the Government to extend the programme to the other parts of the country. But the country's resources were not sufficient to sustain a comprehensive plan of the same magnitude as contemplated in the community development projects. The Government therefore decided to launch alongside the community development programme another programme which was somewhat less intensive in nature, called the National Extension Service programme. The programme was launched on 2nd October, 1953. The CDP and NES had the same idea and two were integrated under one agency at the Centre as well as in the states. Both the programmes were complementary and interwoven and ran concurrently. The idea behind the National Extension Service Programme was to cover the entire country within a period of about 08 years. The National Extension Service was a permanent organization and covered the whole country. It provided the basic organization, official, non-official and a minimum financial provision for development. National Extension Service blocks in which successful results had been achieved with the maximum popular co-operation were selected for intensive development for a period of three years.

The National Extension Service and the community development programmes had uniform unit of operation which was called a development block. It represented on an average 100 villages, with a population of 60,000 to 70,000 persons spread over an area of 150 to 170 square miles. But the N.E.S. blocks were not developed with the same intensity as areas under the community development blocks. Out of the areas developed as National Extension Service Blocks, selection was made periodically for intensive development work under the community development programme and the block which were selected were called C.D. blocks.

Only those blocks were selected for the second plan period for three years which showed good results.

As mentioned earlier, the CDP had to expanded phenomenally under political pressure and soon it became a national programme. Due to political pressure, India was obliged to

of the Central Registrar of Cooperatives to the State Registrars for all practical purposes, set a target to the whole country with NES programme in eight years and the more extensive CDP in twelve years.

Activities

- a) Agriculture and related matters
 - 1) Reclamation of available virgin and waste land
 - 2) Provision of commercial fertilizers and improved seeds
 - 3) Promotion of fruit and vegetable cultivation
 - 4) Promotion of improved agricultural technique and land utilisation
 - 5) Supply of technical information, improved agricultural implements, improved marketing and credit facilities,
 - 6) Provision of soil surveys and prevention of soil erosion
 - 7) Encouragement of the use of natural and compost manures and improvement of livestock,
 - 8) Establishment of key villages for breeding pedigree stock and the provision of veterinary aid, as well as artificial insemination centres.

For attaining this objective, agricultural extension service will be provided at the rate of one agricultural extension worker for every 5 villages.

b) Irrigation

- 1) Provision of water for agriculture through minor irrigation works, e.g., tanks, canals, surface wells, tubewells, etc., the intention being that at least half of the agricultural land, if possible, be served with irrigation facilities.

c) Communications

- 1) Development of road system on the country side to link every village within the Project area up to a maximum distance of half a mile from the village.

d) Education

- 1) Provision for social education, expansion and improvement of primary and secondary education and its gradual conversion to basic type,
- 2) provision of educational facilities for working children and promotion of youth welfare.
- 3) Vocational and technical training for both rural and urban areas
- 4) Improved techniques to existing artisans and technicians, both in urban and rural areas.
- 5) Strengthening existing training centres

e) Health

- 1. water supply
- 2) Proper disposal of human and animal wastes;
- 3) Control of epidemic diseases such as Malaria, Cholera, Small-pox, Tuberculosis, etc.

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4) Provision of medical aid along with appropriate preventive measures, education of the population in hygienic living and in improved nutrition.

i) Supplementary Employment

- 1) Development of cottage and small-scale industries,
- 2) construction of brick kilns and saw mills and encouragement of employment through participation in the tertiary sector of the economy.

g) Housing

- 1) Demonstration and training in improved techniques and designs for rural housing. In congested villages, action in the direction of development of new sites
- 2)

h) Training

- 1) Training of village level workers, project supervisors and other personnel for the Community Development Programme
- 2) Training of artisans
- 3) Training of extension personnel

i) Social Welfare

- 1) Provision of audio-visual aids for instruction and recreation
- 2) Organisation of community entertainment
- 3) Organisation of sports activities
- 4) Organisation of melas (village fairs)
- 5) Organisation of Cooperative and self help movement (Source : Planning Commission, Govt of India)

Organisation:

The CDP was to be undertaken by the Government of India (GOI) and the various state governments in cooperation with one another.

Central Level:

The GOI formed a Central Committee at the National level with the Prime Minister as the Chairperson, the members of the Planning Commission, and the Minister of Food and Agriculture as member to lay down the broad policies and provide the general supervision for the agreed projects. An administrator was appointed to plan, direct and coordinate the programme through India under the general supervision of the Central Committee and in consultation with appropriate authorities in the various states.

State Level:

Each state government established a State Development Committee or similar body consisting of the Chief Minister as the Chairperson, Ministers representing the nation Commissioner who act as Secretary to the Committee. He was responsible for directing the programme in the state and coordinates the activities of the heads of the various departments of the state.

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District Level:

District Development Officer was responsible for the CDP in the district. He was of the status of an Additional Collector and was responsible for the execution of the community project as well as the general development in the district.

Block Level:

At the block level, a Block Development Committee (BDC) was established with Sub Divisional Officer acting as its Chairperson and Block Development Officer (BDO) acting as its Executive Secretary. The BDO was responsible for the implementation of the programme within the block. He was assisted by eight or nine Extension Officers(EOs) in the field of agriculture, animal husbandry, rural engineering, public health, cooperation, social education, women's and children's programme and rural industries.

Village level :

At the village level, ten Village Level Workers (VLWs) or Gram Sevaks were responsible for the implementation of the programmes within a cluster of the villages. The VLWs worked under the supervision of the BDO.

The CDP has been reviewed from time to time by the Programme Evaluation Organisation of the Planning Commission, the National Institute of Rural Development (now National Institute of Rural Development and Panchayati Raj) and by various research institutes and individual research scholars. The number of studies highlighted the tangible results in terms of distribution of seeds, use of chemical fertilizers, plant protection materials, improved farm tools and equipment, construction of roads, wells, irrigational canals, establishment of rural health centres, etc. However, many of the studies also reported that the CDP failed to achieve the expected increase in agriculture production. The failure was due to the financial, material and administrative resources of the CDP were spread too thinly across the country to produce any tangible impact on agriculture production and rural poverty.

Causes of failure

The causes of the failure of the community development programme are as follows:

1. Lack of people participation in the programme
2. Lack of coordination between different institutions
3. Inadequate allocation of resources
4. Uneven distribution of the benefits of the programme
5. Absence of clearly defined priorities in the programme.
6. Failure to evoke popular response.
7. Unqualified and untrained personnel for implementation of the programme
8. Lack of functional responsibility.

of the Central Registrar of Cooperatives to the State Registrars for all practical purposes. Ritualism in implementation of the programme: A spirit of ritualism permeated the block programmes and inauguration, opening or foundation stone laying became the be all and end all at all block activities. The project officers were purposely emphasizing the welfare aspect of the programmes so that they could show to the visiting dignitaries some tangible result of thus efforts. But the creation of these welfare activities only kindled the dissatisfaction with the economic condition of the people.

2.6 Weaknesses in the Community Development Programme

A Critical analysis of the Programme with regard to the objective shows that the programme has some weaknesses there are discussed as

1. People did not participate in the programme and perceived it as a government programme.
2. There has been too much emphasis on end result and less emphasis in following the correct methods and process to bring about change in the attitudes of the people.
3. Due to lack of understanding of the objectives of the CD programme there has often been lack of adherence to the real objectives of the C.D Programme there has not been much concentration on essential items.
4. Extension education methods which are so essential for a democratic approach remained mostly as a claim.
5. Lack of uniform understanding about the concept principles methods role function etc, at all levels from village to national level.
6. Lack of proper and adequate supervision and guidance both administrative and technical at various levels.
7. Establishment of superiority by providing democratic leadership is very much lacking to replace autocratic authority.
8. The C.D workers feel unhappy at all levels their moral is not very high unhappy workers or change agents can not make a good organization.

2.9 Key Words

Community: A community is a group of people, who live in a continuous geographical area and have interests in each other for the purpose of making a living. It is a part of a larger social system which meet the basic social needs, through the function of which

of the Central Registrar of Cooperatives to the State Registrars for all practical purposes. people have developed a sense of belongingness and ability to work together as an entity.

Development: The development connotes growth or maturation. It implies gradual and sequential phases of change. According to MacIver "Development" to signify an upward course in a process "that is, of increasing differentiation.

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UNIT-III Land Reforms, Green Revolution and Cooperative Movement



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3.5 Cooperatives in India

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3.1 Introduction

The British rulers were not interested in adopting progressive land reforms rather they encouraged the intermediaries to collect more revenues. The emperors who ruled India before British rule, divided the lands into Jagirs and handed over them to Jagirdhars. These jagirdhars further created intermediaries called zamindars to look after their jagirs and collect revenues from the peasants who cultivate in those lands. British rulers continued the intermediaries under Permanent Settlement Act and assigned the lands to Zamindars permanently to collect the revenues. The zamindars, who were the intermediaries, acquired the ownership rights over huge land holdings. Intermediaries like Zamindars, Talukdars, Jagirs and Inams had dominated the agricultural sector in India by the time the country attained independence. Immediately after Independence, the Government's gave top priority to the abolish the intermediary tenures. Government of India appointed a committee named as Kumarappan committee headed by Kumarappan in 1949 to initiate the land reforms. It was the beginning of land reforms in India. The Kumarappan committee recommended radical institutional reforms and recommended the abolition of Zamindari System. The land constitutes the Concurrent List of the Constitution of India. It is within the state power to legislate for land reforms. Normally, the central government does not intervene in the control, revenue and management of the land in the state. It is because of this constitutional division that each state in the country has its own agenda of land reforms.

3.2 Land Reforms: Meaning and Rationale

In India, the average holding is small in size and is highly scattered which makes it uneconomic for production. Further, the land tenurial system (i.e. size, distribution and ownership pattern of land holding) in India has been characterized by wide disparity in

of the Central Registrar of Cooperatives to the State Registrars for all practical purposes. the land ownership whereby land is owned in bulk by few. It is evident from the fact that according to the most recent agriculture census more than half of rural population dependent upon agriculture are smallholdings of less than 1 hectare of land. The absolute landless and the nearly landless (those owning up to 0.2 hectares of land) account for as much as 43 percent of total peasant households. Further, the existence of exploitative intermediaries in the form of zamindari system, allow the land owners to collect large share of production as rent from the actual cultivators. The actual tillers thus possessed no ownership rights over land and worked as tenants on land who can be evicted from the land at will by zamindars. Apart from adding misery to the life of tilling peasants, the system provides no incentives to improve productivity. The land reforms were initiated to ensure incentives and fair reward to cultivators. Thus the important rationale of land reforms is:

1. There is little economic motivation for tenant farmer or wage labour to develop farmland for increased production. Since a cultivator who did not have security of tenure, and was required to pay a high proportion of output in rents, was less likely to invest in land improvements, or use high yielding varieties or other expensive inputs likely to yield higher returns. As a result, agricultural productivity suffered. The farm structure based on owner-operated units is more efficient than one based on wage labour.
2. Land being the most important productive asset in the rural areas. The ownership and the tenacity of land determine the social and economic status. The redistribution of land in favour of rural poor would help to improve their economic well-being, nutritional intake and access to credit. This would reduce income inequalities and rural poverty.
3. Apart from its economic role, land reforms have profound social impact. If the patterns of ownership are fair and just it enhances faith in justice and equity. A skewed land distribution pattern lead to social discontentment, widespread unrest, and violent venting of frustration and anger. This could further increase volatility in a multi-ethnic and multi-religious country like India.
4. The small and marginal land-holding results in under-utilization of land since the uneconomic land area is generally put to non-agriculture use mainly for housing or sale of land.
5. The inequality of land holding cause land degradation and has adverse ecological impact. In an effort to increase production on the limited land it is rigorously exploited by applying overdose of artificial fertilizers and chemicals. This reduces the natural fertility of soils and increases its vulnerability to erosion.

3.3 Objectives of the Land Reforms

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The peasants faced many atrocities under the zamindari system of cultivation. The challenge before the Independent Indian Government was not only to abolish the zamindari system but also introduce tenancy reforms to give protection to tenants in terms of providing security of the tenure to the tenants, fixing the fair rents and ultimately making the tenants the owner cultivators. Ceiling of the holdings must be taken up. The Zamindars used to have huge acres of lands under their control. To create equality, the surplus lands from zamindars shall be taken back and should be distributed among the poor.

Land reforms may be defined as institutional changes that aim at changing the land relations favourable to the actual tillers of land and increasing the average farm-size of the cultivators. Land reforms consist of two changes or reforms—one is to reform the land relations between the owners and actual tillers of land and second is to change the average size of land holding so as to make it an economically viable unit. The objective of land reform is to provide social justice to the cultivators in order to assure equal opportunity to the larger section of rural population and to promote agriculture growth. The land reforms consist of the following measures:

- Abolition of Zamindari System
- Tenancy Reforms
- Reorganization of land holdings

3.3.1 Abolition of Zamindari System

Uttar Pradesh was the first state in India brought into effect the law related to abolition of zamindari system followed by Madras (later called Tamil Nadu), Bihar and Madhya Pradesh during 1949 to 51.

Important Provisions of the Zamindari Abolition Act:

- Under this act zamindars are allowed to possess some part of their lands known as 'Khudh Khast' lands. Surplus lands shall be confiscated from zamindars.
- Government paid compensation for confiscated land to zamindars
- Government distributed surplus lands confiscated from zamindar to the tenants with a minimal price. Tenants who got the lands were called as 'Bhoomidhars', tenants who were not in a position to pay the entire amount, can pay the amount in instalments and were called as 'Sirdars'.
- Barren lands, ponds, forests were taken away from Zamindars and were transferred to village panchayats.

Golaknath, a zamindar from Punjab challenged the amendment of the Constitution and

of the Central Registrar of Cooperatives to the State Registrars for all practical purposes. confiscation of his lands in the Court of law claiming they were against the Article 31 of the Constitution of India. Supreme Court gave the judgment in favour of Golaknath. However, subsequently to accommodate the Zamindar Abolition Act and to bring land reforms more freely and effectively the Article 31 of the constitution was repealed.

Analysis of Zamindari Abolition Act:

The provision in Zamindari Abolition Act accommodates that the Zamindars can retain some lands for their personal use. However, how much personal cultivable land can be retained was never defined. Ceiling of holdings was not yet introduced by that time. When the act was passed, there were no records that have the information about the tenancy. Zamindars showed the tenants as their servants and retained the lands. Forests were massively depleted as there was a provision in the act that forests under the control of Zamindars shall be transferred to the village panchayats. The government has to pay compensation for the confiscated lands. This provision in the act increased heavy pressure and burden on the State treasury.

3.3.2 Tenancy Reforms

Tenancy cultivation is quite common in rural India whereby

The land cultivated by small farmers and share crop with owners as payment of rent for using land was known as tenancy cultivation in India. The daunting task before the Independent Government of India was how to ensure fair rent payment, security to the tenure, converting the tenants into the owner cultivators under tenancy reforms. Surplus lands confiscated from Zamindars were given to tenants on a minimal amount which was eight to ten times of annual rent. The lands were given to only those tenants who were paying the rent in the form of cash. Bargadars or Sharecroppers were those tenants who pay the rent in the form of kind and there was no accommodation to them in the act and hence there was no advantage to them with regard to availing the land. However, Sharecroppers were accommodated in the Tenancy acts subsequently. As the terms and conditions between the landlords and the peasants were oral, it was difficult to identify the tenure of the tenants worked in respective lands. The fair rent objective of the tenancy reforms was never implemented. Tenancy reforms included the following measures:

- (i) Rent Ceiling: The maximum rent payable by the tenant has been fixed. It cannot exceed one fourth to one fifth in most states.
- (ii) Tenure Security: The security of tilling of land is provided whereby the tenants now cannot be ejected at will except for self-cultivation provided the rent is paid.

- (iii)

of the Central Registrar of Cooperatives to the State Registrars for all practical purposes, conferring Ownership Rights to Peasants: The legislative changes have been made to provide for conferment of ownership rights on all the cultivating farmers on the payment of specified amount to the landlords.

Tenancy reforms progressed in a large number of states though with varied degree of success with quite a number of peasants and landless laborers were given ownership rights. However, the reform process suffered from ineffective implementations of enormous legislations due to the following reasons:

- (a) Misuse of Exemptions and Escape Clauses: In the legislation escape clauses were provided that were misused by big land-owners. For example land-owners resorted to ejection of tenants on the pretext of self-cultivation. In fact, tenancy-at-will with no formal contract was increased. The term self-cultivation was defined very loosely. In this manner the owners were able to resume a substantial part of the land. These owners don't cultivate land but informally lease it out on the basis of sharing of crop. The cultivators under these informal leases are under constant threat of ejection.
- (b) Fictitious surrender of land by tenants to landowners': Land-owners on paper showed that the tenants have been voluntarily given up right on the land in favor of landowners.
- (c) Lack of Information and Economic Support among Poor Tenants: The policy required the payment of specified amount to the owners to obtain ownership rights but the cultivators lack resources to acquire land from owners.
- (d) Non-Availability of Updated records of Land-Ownership: also created problems in proper implementation of land reforms.
- (e) Lack of Political will to rigorously implement Tenancy Reforms: As large politicians were big land owners so the slow progress of reforms was in their self-interest.
- (f) Higher Rent: The efforts were made to fix rent rather than to reduce rents. In many places rents were fixed at a level already prevailing or fixed traditionally. well-off land lords and created greater insecurity of tenure in the form of informal leasing of land. The resource constraint of the tenants also prevented the large transfers of land in their favour.

Reorganization of Land Holdings

Reorganization of land-holding involves changing the land-size of cultivators so as to make it a viable economic unit. This will help to adopt modern technology and improved agricultural practices. The reorganization of land is undertaken through the following measures

- (i) Land Ceiling Act: The government introduced the land ceilings Act to retain the

of the Central Registrar of Cooperatives to the State Registrars for all practical purposes. excess lands from the Zamindars. The Kumarappan Committee recommended that a zamindar can retain three times of the size of economic holding which was sufficient for livelihood of a family. Whereas, the All India Kisan Sabha recommended that the land that can be retained by a family shall be 25 acres. The congress session of Nagpur in 1959 took decision that all the provinces should immediately implement land ceiling Acts and bring surplus lands under co-operatives.

Analysis of Land Ceiling Act: The land ceiling act did not yield satisfactory result till 1972 because zamindars transferred lands on to the names of their farm servants. The provisions of exemption to plantation industries and co-operative farming in the act was used tactfully by the landlords to part away their surplus land.

Based on the reports of the Central land reforms committee, Government of India issued the following new guidelines to the states with regard to land ceiling act;

- Ceiling for the double crop irrigated lands; limit shall be 10 to 18 acres.
- Ceiling for the single crop irrigated lands; limit shall be 27 acres.
- Ceiling for the dry land it shall be 54 acres.

The above ceiling measurements were applicable to a family of five members. The family with more than five can have additional area of land for each additional member but the same cannot be extended beyond twenty acres.

(ii) **Consolidation of Land-Holdings:** Small and scattered land-holding were consolidated into compact economic holdings. The small-sized fragmented and scattered with a person/family land at different places were identified and equivalent of consolidated land were given at one place. The programmed was initially started on voluntary basis but later on made compulsory. The important factors that cause sub-division and fragmentation of land-holdings are:

(a) **Pressure of population:** The acute growth in the population in the rural causes increasing pressure on the land. Every individual desires a share in the land thus the land gets sub-divided. succession give equal right of share to all children in the inheritance which led to sub- division and fragmentation of land.

(c) **Rural indebt ness:** Farmers in rural India are largely dependent upon local money lenders who charges huge interest and very often the land is mortgaged to raise loan. In the event of non-payment of loans, the part of land has to be sold off. This led to sub-division of land-holdings.

Consequences of Sub-Division

(a) **Wastage of Capacity:** The small and fragmented holdings sometimes make it impossible to use for cultivation and so the land capacity is wasted due to uneconomic size.

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(b) Higher Cost: The cost of production per unit of land on small-size farm increases. Further, the old techniques are used on such farms that further aggravate the cost of production.

(c) Lack of Modernization or land Improvement Techniques: The mechanized method of cultivation like electric pumps thrashers tractors etc or modern irrigation system cannot be adopted due to limited scale.

(d) Loss of Acreage: The large quality of cultivable land is lost due to boundaries and fencing. The litigation due to disputes on these issues further results into wastage of land.

The reorganization of land aims at bringing reduction in the inequalities of land-ownership in rural areas. The data on the land-holding however suggest that the position is far from satisfactory and the concentration of land-holding in the hands of few is a general phenomenon in villages. The factors behind slow progress in the reorganization process are as follows:

(i) Social Causes: Farmers are found to be attached emotionally to their land and so are unwilling to participate in the consolidation process.

(ii) Impractical: Land quality differs at different places and so it is difficult practically to allot equivalent land to farmers at one place for scattered land.

(iii) Lack of Updated Records and Incompetent Administrative Staff: The consolidation process requires the complete knowledge of land and its quality but due to lack of record it becomes difficult to implement it.

(iv) Corruption: The dishonest administrators helped the big land owners to make fake transfers and evade ceiling laws. Further, the waste, barren or low-quality land was declared as surplus land that could not be cultivated.

(v) Long Delays and Litigation: The time-gap between the announcement of the policy and enactment of laws also enable to make fictitious transfers and sales of land to evade ceiling laws. The legal cases were filed in the courts in this regard. Thus the big chunk of potential surplus land was lost as the legal battles dragged for years.

(vi) Lack of Political Will: The ceiling laws lack proper political backing due to excessive big farmer's pressure on the political parties.



Green Revolution

More than four million people died due to hunger in Bengal Famine during 1943. Acute food grain shortage was the main cause behind this widespread devastation. The shortage

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of food grain production in the country continued till the Britishers' left India. The independent India's top priority was to increase food grain production to feed its own population. This necessity led, on one hand, to the Green Revolution in India and, on the other, legislative measures to ensure that businessmen would never again be able to hoard food for reasons of profit. The efforts made by Government of India from 1947 to 1967 were not entirely successful. Efforts until 1967 largely concentrated on expanding the farming areas. But starvation deaths were still being reported in the newspapers because of population was growing at a much faster rate than food production. This called for drastic action to increase yield during 1967-68. The action came in the form of the Green revolution. The term "Green Revolution" is a general one that is applied to successful agricultural experiments in many Third World countries. It was not specific to India. But it was most successful in India.

3.4.1 History and Development of the Green Revolution

The history of Green Revolution is traced back to the 1940s when Daniels, the U S Ambassador to Mexico and Henry Wallace, Vice President of the USA set up a scientific mission to help the development of agricultural technology in Mexico. The Mexican government and the Rockefeller Foundation started a joint venture to introduce plant breeding programme in Mexico by introducing High Yielding Varieties (HYVs) or the 'miracle seeds' of dwarf varieties of high-yielding wheat to increase production. The success of the Green Revolution is often attributed to Norman Borlaug, the Norway-born, U.S-based agricultural scientist interested in agriculture. In the 1940s, he began conducting research in Mexico and developed new disease resistance 'miracle seeds' of dwarf varieties of high-yielding wheat. By combining Borlaug's wheat varieties with new mechanized agricultural technologies, Mexico was able to produce more wheat than was needed by its own citizens, leading to its becoming an exporter of wheat by the 1960s. Mexico was importing half of its wheat supply prior to use of this varieties. Due to the success of the Green Revolution in Mexico, its technologies spread worldwide in the 1950s and 1960s. In connection with the 'miracle seed' programme, two international agricultural research stations International Maize and Wheat Improvement Centre (CIMMYT) and the International Rice Research Institute (IRRI) were set up. These centres grew out of the Rockefeller Foundation's country programme to launch the new seeds, known as the New Agricultural strategy, by the mid-1960s. By 1966, IRRI started producing 'miracle' rice, in succession to the 'miracle' wheat from CIMMYT. The Green Revolution was given support in Mexico, Philippines and India from the 1940s through to the 1960s by the Rockefeller, the Ford Foundation and the U S Government. The Rockefeller Foundation and the Ford Foundation, as well as many government agencies around the world funded research to increase food grain production to produce more food for the growing human population. In 1963 with the help of this funding, Mexico formed

of the Central Registrar of Cooperatives to the State Registrars for all practical purposes, an international research institution called The International Maize and Wheat Improvement Center. Countries all over the world in turn benefited from the Green Revolution work conducted by Borlaug and this research institution. Borlaug and the Ford Foundation implemented in India a new variety of rice, IR8, that produced more world's leading rice producers and IR8 rice usage spread throughout Asia in the decades following the rice's development in India.

Role of Dr. Swaminathan

Dr. M. S. Swaminathan was the adviser of the Minister of Agriculture and he invited Dr. Borlaug to India. Swaminathan is known for having lobbied with then Prime Minister Lal Bahadur Shastri to import 18000 tons of Mexican seed. He established National Bureau of Plant, Animal and Fish Genetic Resources of India and International Plant Genetic Resources Institute. Swaminathan is known as "Indian Father of Green Revolution" for his leadership and success in introducing and further developing high-yielding varieties of wheat in India.

What is the Green Revolution?

The dramatic transformation in agriculture practices that involves the use of new methods of cultivation and inputs refers to as Green Revolution. It was a period when the productivity of global agriculture increased drastically as a result of new advances. During this time period, agriculture technological advances in the field of seed, fertiliser, pesticides, etc. were used efficiently by the farming community to increase the production. In India, the green revolution occurs as a result of adoption of new agriculture strategy during mid 60's by Government of India to achieve self-sufficiency

in the food grains production.

3.4.2 Elements of Green Revolution

Main elements of the Green Revolution:

- (1) Expansion of farming areas
- (2) Double-cropping
- (3) Use of improved seeds

Expansion of farming areas

As mentioned above, the area of land under cultivation was being increased right from 1947. But this was not enough in meeting with rising demand. Other methods were required. Yet, the expansion of cultivable land also had to continue. So, the Green Revolution continued with this quantitative expansion of farmlands. However, this was not the most striking feature of the Revolution.

Double-cropping

Increased irrigation facilities supported the farmers to go for double cropping which

of the Central Registrar of Cooperatives to the State Registrars for all practical purposes. resulted more production from the same piece of land. Dams were built to arrest large volumes of natural monsoon water which were earlier being wasted. Simple irrigation techniques were also adopted.

Using seeds with superior genetics

Agricultural Research developed new strains of high yield value (HYV) seeds, mainly wheat and rice but also millet and corn which were used to produce more. The most noteworthy HYV seed was the K68 variety for wheat. The credit for developing this strain goes to Dr. M.P. Singh who is also regarded as the hero of India's Green revolution.

3.4.3 Components of Green Revolution

The core components of new agriculture strategy are:

- (i) Use of High-Yielding Variety(HYV) seeds that matures in short span of time.
- (ii) Application of fertilizers, manures and chemicals in the agriculture production.
- (iii) Multiple Cropping Patterns that allows farmers to grow two or more crops on the same land.
- (iv) Mechanization of farming with the use of machines like tractors, harvesters pump sets etc in the agriculture occur in a big way.
- (v) Creation of Infrastructure facilities to provide better transportation, irrigation, warehousing, marketing facilities, rural electrification
- (vi) Price Incentives involving provision of the minimum support prices for various crops so as to allow reasonable price to farmers for their produce.
- (vi) Better financial assistance through spread of credit facilities with the development of wide network of commercial banks, cooperative banks and establishment of National Bank for Agriculture and Rural Development (NABARD) as an apex bank to coordinate the rural finance in India.

Statistical Results of the Green Revolution

- a) The Green Revolution resulted in a record grain output of 131 million tons in 1978-79. This established India as one of the world's biggest agricultural producers. No other country in the world which attempted the Green Revolution recorded such level of success. India also became an exporter of food grains around that time.
- b) Yield per unit of farmland improved by more than 30 per cent between 1947 (when India gained political independence) and 1979 when the Green Revolution was considered to have delivered its goods
- c) The crop area under HYV varieties grew from seven per cent to 22 per cent of the total cultivated area during the 10 years of the Green Revolution. More than 70 per cent of the wheat crop area, 35 per cent of the rice crop area and 20 per cent of the millet and corn

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crop area, used the HYV seeds

Economic results of the Green Revolution

- a) Crop areas under high-yield varieties needed more water, more fertilizer, more pesticides, fungicides and certain other chemicals. This spurred the growth of the local manufacturing sector. Such industrial growth created new jobs and contributed to the country's GDP, water stored was used to create hydro-electric power. This in turn boosted industrial growth, created jobs and improved the quality of life of the people in villages
- c) India paid back all loans it had taken from the World Bank and its affiliates for the purpose of the Green Revolution. This improved India's creditworthiness in the eyes of the lending agencies.
- d) Some developed countries, especially Canada, which were facing a shortage in agricultural labour, were so impressed by the results of India's Green Revolution that they asked the Indian government to supply them with farmers experienced in the methods of the Green Revolution. Many farmers from Punjab and Haryana states in northern India were thus sent to Canada where they settled (That's why Canada today has many Punjabi-speaking citizens of Indian origin). These people remitted part of their incomes to their relatives in India. This not only helped the relatives but also added, albeit modestly, to India's foreign exchange earnings

Sociological results of the Green Revolution

The Green Revolution created plenty of jobs not only for agricultural workers but also industrial workers by the creation of lateral facilities such as factories and hydro-electric power stations as explained above.

Political results of the Green Revolution

- a) India transformed itself from a starving nation to an exporter of food. This earned admiration for India in the comity of nations, especially in the Third World.
- b) The Green Revolution was one factor that made Mrs. Indira Gandhi (1917-84) and her party, the Indian National Congress, a very powerful political force in India.

3.4.4 Problems with Green Revolution

The new agriculture strategy has resulted into increased productivity and returns for farmers. This has resulted in decline in rural poverty to an extent. However, the revolution resulted into increased income, wide interpersonal and regional inequality and inequitable asset distribution. The major problems associated with green revolution are as follows:

(I) Increase in personal inequalities in rural areas

The income inequality between rich and poor increases due to:

- (i) The owners of large farms were the main adopters of new technology because of their

of the Central Registrar of Cooperatives to the State Registrars for all practical purposes. better access to irrigation water, fertilizers, seeds and credit. In other words, given the need for complex agricultural techniques and inputs, the green revolution benefits the large farmers. The small farmers lagged behind the larger farmer as small farmers had to depend upon traditional production method. Since the rich farmers were already better equipped, the green revolution accentuate the income inequalities between rich and poor.

(ii) Green revolution resulted into lower product price and higher input prices which also encouraged landlords to increase rents or force tenants to evict the land.

(iii) The mechanization pushed down the wages of and employment opportunities for unskilled labour in the rural areas thereby further widening the income disparities.

(2) Increased Regional disparities

The states like Punjab, Haryana, Western UP etc. having good irrigation facilities used HYV seeds and got windfall profit. The states or regions without the access of sufficient water were left out that widened the regional disparities between states. The states who were able to derive the benefits of green revolution, achieved faster economic development while other states have recorded slow growth in agriculture production.

(3) Environmental Damage

The rampant irrigation practices have led to soil degradation. It has caused over-use of soil and rapidly depleted its nutrients. Groundwater practices have fallen dramatically. Excessive and inappropriate use of fertilizers and pesticides has polluted waterway, killed beneficial insects and wild life. Further, heavy dependence on few major crops has led to loss of biodiversity of farmers. These problems were aggravated due to absence of training to use modern technology and vast illiteracy leading to excessive use of chemicals.

(4) Restrictive Crop Coverage

The main reason for non-spread of green revolution to other crops than wheat, maize, bajra and rice was that in the early 1960's there was severe shortage of food grains and imports were resorted to overcame the shortage. Government initiated green revolution to increase food grain productivity and non-food grain crops were not covered. The new agriculture strategy involving use of HYV seeds was initially limited to wheat, maize and bajra. The other major crop i.e. rice responded much later. The progress of developing and application of HYV seeds in other crops especially commercial crops like oilseeds, jute etc has been very slow. In fact, in certain period a decline in the output of commercial crops is witnessed because of diversion of area under commercial crop to food crop production.

It can be concluded that green revolution is a major achievement for India which has given it a food-security. It has involved the adaptation of scientific practices in the

of the Central Registrar of Cooperatives to the State Registrars for all practical purposes. agriculture to improve its production and productivity. It has provided benefits to poor in the form of lower food prices, increased migration opportunities and greater employment in the rural non-farm economy. However, the inequalities between region and individuals that adopted green revolution and those who failed to adopt has worsened. Further, green revolution has led to many negative environmental impacts. The policy makers and scientists are urged to develop and encourage the new technologies that are environmentally and socially sustainable.

Role of Technology in Indian Agriculture

The important reason of low agricultural productivity in India is the unsatisfactory spread of new technological practices, including cultivation of HYV seeds. The inadequate irrigation facilities in most part of the country explain the limited regional spread of modern technology. Nearly 64 percent of total cultivated area is rainfed. Further, the irrigated area is generally used for growing rice and wheat while other crops are grown mostly in the rainfed and unirrigated area. In this scenario the technological development in terms of adoption of HYV seeds with chemical and fertilizers is only limited to few regions having irrigation coverage and that too for wheat and rice. Thus the adoption of new technology requires the development of irrigation facilities at first place so as to increase its regional and crop spread.

Another, factor that inhibits the dissemination of modern technology is the small and marginal land holdings and slow progress of tenancy reforms. The lack of ownership rights on land provide no incentive to adopt improved technology as the production is shared with the land owners and cost of adoption of new technology will be borne by the tenant cultivators. Thus institutional reforms in terms of land reforms have to be strengthened to improve adoption of modern technology.

The use of new technology improves the agriculture productivity. However, it also adds to the instability in the output growth. The application of new technology raises the response of output to water. Thus if applied under the rainfed conditions then the instability in output will be greater. However, the increase in output would be stable if applied under assured irrigated conditions. This requires effective public distribution system to stabilize prices during uncertain conditions.

Thus both institutional and technological changes have played important role in agriculture growth in India. The technological changes by themselves could not bring revolutionary productivity growth in the agriculture without the institutional and infrastructural changes. The new technology cannot be used if the agrarian system suffers from gross inequalities of land ownership and cultivation is in the hands of landless cultivators. Thus land reforms are required to abolish intermediaries and to undertake the reorganization of land holding. Further, modern technique also requires higher amount of

of the Central Registrar of Cooperatives to the State Registrars for all practical purposes. Thus organizational reform in terms of better availability of agri-credit is also important. In nutshell, it can be concluded that though technical reforms provide modern inputs to increase agriculture production but organizational and institutional reforms would provide suitable conditions to apply these modern inputs.

There were both positive and negative impacts of Green Revolution on Indian Economy. Due to Green Revolution there was considerable increase in the food grains production which was extremely necessary for a country like India whose population had been increasing day by day. Due to Green Revolution agricultural sector of India was able to meet the increasing demand for food grains. However, Green Revolution also has its negative consequences like due to Green Revolution there was a considerable increase regional and personal inequality. Green revolution was only limited to certain crops like wheat and rice; and it was also limited to certain areas like Punjab and UP.

3.5.1 The Cooperative Movement in India

The agricultural conditions and absence of institutional arrangements to provide finance to agriculturists during the latter part of the nineteenth century led to mounting distress and discontent. The Famine Commission of 1880 and 20 years later, the Famine Commission 1901 both highlighted the deep indebtedness of the Indian farmer, resulting in many cases in his land passing into the possession of the money lending classes. The Deccan Riots and the prevailing environment of discontent resulted in the government taking various initiatives but the legislative measures did not substantially improve the situation. The proposal for agricultural banks was first mooted in 1858 and again in 1881 by Mr. William Wedderburn the District Judge of Ahmednagar, in consultation with Justice M.G. Ranade, but was not accepted. In March 1892, Mr. Frederick Nicholson was placed by the Governor of Madras Presidency (for enquiring into the possibility) of introducing in this Presidency, a system of agricultural or other land banks and submitted his report in two volumes in 1895 and 1897. In 1901, the Famine Commission recommended the establishment of Rural Agricultural Banks through the establishment of Mutual Credit Associations, and such steps as were taken 6 High Powered Committee On Cooperatives by the Government of North Western provinces and Oudh. The underlying idea of a number of persons combining together was the voluntary creation of a new and valuable security. A strong association competent to offer guarantees and advantages of lending to groups instead of individuals were major advantages. The Commission also suggested the principles underlying Agricultural Banks.

Cooperative Credit Societies Act, 1904 - The First Incorporation

Taking cognizance of these developments and to provide a legal basis for cooperative societies, the Edward Law Committee with Mr. Nicholson as one of the members was appointed by the Government to examine and recommend a course of action. The

of the Central Registrar of Cooperatives to the State Registrars for all practical purposes. Cooperative Societies Bill, based on the recommendations of this Committee, was enacted on 25th March, 1904. As its name suggests, the Cooperative Credit Societies Act was restricted to credit cooperatives.

Cooperative Societies Act, 1912

With the developments in terms of growth in the number of cooperatives, far exceeding anticipation, the Cooperative Societies Act of 1912 became a necessity and cooperatives could be organized under this Act for providing non-credit services to their members. The Act also provided for Federations of cooperatives. With this enactment, in the credit sector, urban cooperative banks converted themselves into Central Cooperative Banks with primary cooperatives and individuals as their members. Similarly, non-credit activities were also cooperatively organized such as purchase and sales unions, marketing societies, and in the non agricultural sector, cooperatives of handloom weavers and other artisans.

MacLagen Committee on Cooperation (1914)

The Banking Crisis and the First World War both affected the growth of cooperatives. Although member deposits in cooperatives increased sharply, the war affected the export and prices of cash crops adversely, resulting in increased over-dues of loans of primary agricultural societies. To take stock of the situation, in October, 1914 a Committee on Cooperation under Sir Edward MacLagen was appointed by the Government, in October 1914, to study the state of, and make recommendations for the future, of cooperatives. The Committee's recommendations are basically related to credit cooperatives. It recommended building up a strong three-tier structure in every province with primaries at the base, the Central Cooperative Banks at the middle tier and the Provincial Cooperative Bank at the apex, basically to provide short-term and medium-term finance. Considerable emphasis was laid on ensuring the cooperative character of these institutions and training and member education, including training of the Registrar and his staff.

Government of India Act, 1919:

In 1919, with the passing of the Reforms Act, Cooperation as a subject was transferred to the provinces. The Bombay Cooperative Societies Act of 1925, the first provincial Act to be passed, among others, introduced the principle of one-man one-vote. The setting up of the Reserve Bank of India (RBI) in 1934 was a major development in the thrust for agricultural credit. The Reserve Bank of India Act, 1934 itself required the RBI to set up an Agricultural Credit Department. As cooperatives were to be channels for rural development, with the establishment of popularly elected governments in 1935, programmes were drawn up in which rural indebtedness received priority. The Mehta Committee appointed in 1937 specifically recommended reorganization of Cooperative Credit Societies as multi-purpose cooperatives.

Multi-Unit Cooperative Societies Act, 1942

of the Central Registrar of Cooperatives to the State Registrars for all practical purposes. With the emergence of cooperatives having a membership from more than one state such as the Central Government sponsored salary earners credit societies, a need was felt for an enabling cooperative law for such multi-unit or multi-state cooperatives. Accordingly, the Multi-Unit Cooperative Societies Act was passed in 1942, which delegated the power In 1944, the Gadgil Committee recommended compulsory adjustment of debts and setting up of Agricultural Credit Corporations, wherever cooperative agencies were not strong enough.

Pre-Independence Development

In 1946, inspired by Sardar Vallabh Bhai Patel and led by Shri Morarji Desai and Shri Tribhuvan Das Patel, the milk producers of Khera District of Gujarat went on a fifteen day strike. Their refusal to supply milk forced the Bombay Government to withdraw its order granting monopoly procurement rights to Polson, a private dairy. History was made when two Primary Village Milk Producer Societies were registered in October 1946. Soon after on 14th December 1946, the Khera District Cooperative Milk Producers Milk Union known as Amul was registered.

The Registrars' Conference in 1947 recommended that the Provincial Cooperative Banks be re-organized to give greater assistance to primary societies through Central Banks. For the first time an effective linking of credit with marketing, and providing assistance by way of liberal loans and subsidies for establishment of a large number of godowns and processing plants was considered. It would be appropriate to mention here some developments in Bombay vis-à-vis cooperatives, which had an impact on the cooperative sector. Shri Vaikunth Bhai Mehta took over as Minister, In-charge of Cooperation in the Bombay Government after which the cooperative movement in the province received a boost. A Committee on Cooperative Education and Training under the chairmanship of Sir Janardan Madan, made recommendations for cooperative education programmes and the setting up of an Education Fund. The Agricultural Credit Organization Committee, with Sir Manilal Nanavati as Chairman recommended State assistance in agricultural finance and conversion of all credit cooperatives into multi-purpose cooperatives. It also recommended a three-tier cooperative credit banking system, and various subsidies etc.

Developments in the Post-Independence Era

After India attained Independence in 1947, cooperative development received a boost, with cooperatives being given a vital role in the various plans formulated by the Planning Commission.

The First Five Year Plan (1951-56), gave emphasis on the cooperative movement in India and the rationale for developing cooperatives and panchayats as preferred organizations for economic and political development. The Plan emphasized the adoption of the cooperative method of organization to cover all aspects of community development. The plan

of the Central Registrar of Cooperatives to the State Registrars for all practical purposes, envisaged for setting up of urban cooperative banks, industrial cooperatives of workers, consumer cooperatives, housing cooperatives, diffusion of knowledge through cooperative training and education and recommended that every government department follow the policy of building up cooperatives.

All India Rural Credit Survey Committee (1951)

All India Rural Credit Survey Committee appointed in 1951 observed that large parts of the country were not covered by cooperatives and in such areas where it had been

(2) Increased Regional disparities

Even where membership did exist, the bulk of the credit requirement (75.2%) was met from other sources. The Committee recommended introducing an integrated system of rural credit, partnership of the government in the share capital of the cooperatives and also appointment of government nominees on their boards, thus participating in their management.

The Government and the elected representatives accepted the basic approach and the major recommendations of the Committee. The Union Government acquired a major interest in the Imperial Bank which was converted into the State Bank of India. A National Cooperative Development and Warehousing Board was set up. The Reserve Bank of India Act was amended to enable it to play an active role in building up of cooperative credit institutions.

The All India Cooperative Congress, held at Patna in 1956, accepted the principle of state participation and government representation on the Board of Directors of cooperatives. It resolved that the number of such nominees should not exceed one-third of the total number of Directors or three, whichever is less and applicable even to cooperatives having government share capital in excess of 50% of total share capital.

The Second Five-Year Plan (1956-1961), emphasized "building up a cooperative sector as part of a scheme of planned development" as being one of the central aims of National Policy. It aimed at enabling cooperatives to increasingly become the principal basis for organization of economic activity. The Plan drew up programmes of cooperative 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 cooperative society. Linking of credit and non-credit societies to provide better services to the farmers was also targeted. State partnership with cooperative institutions at various levels, the essential basis of which was to be assistance and not interference or control, was recommended and for facilitating State partnership in cooperatives, the Plan also recommended the establishment of a National Agricultural Credit Long-term Operations Fund. The National Cooperative Development Fund was also established by the Central Government, during this period, to enable states to borrow for the purpose of subscribing share capital of non-credit cooperative institutions in the country.

The Committee on Cooperative Law under the chairmanship of Shri S.T.Raja in 1956 recommended a Model Bill for consideration of State Governments. Another important development, at this time, which affected the cooperative sector, was the National Development Council Resolution (1958). The Resolution on Cooperative Policy stressed that cooperatives should be organized on the basis of the village community as the primary unit and that there should be close coordination between the village cooperative and the Panchayat. The Resolution also recommended that the restrictive features of

(2) Increased Regional disparities existing cooperative legislation should be removed. Many State Governments amended their Acts, as a result of the recommendations of the Model Bill, Cooperative marketing and processing of agricultural produce formed an important part of the Integrated Scheme societies were set up and State Marketing Federations were established in all the States, as well as the National Cooperative Marketing Federation at the Centre. Marketing cooperatives along with the agricultural cooperatives played a major role in promoting the Green Revolution by providing credit and inputs to farmers as well as processing their increased outputs.

The Third Five Year Plan (1961-1969) stressed that "Cooperation should become, progressively, the principal basis of organization in branches of economic life, notably agriculture, minor irrigation, small industries and processing, marketing, distribution, rural electrification, housing and construction and provision of essential amenities for local communities. Even the medium and large industries and in transport an increasing range of activities can be undertaken on cooperative lines". With the setting up of NDDB to replicate the Anand pattern of cooperatives in milk, the Indian dairy cooperative movement received a spurt. Later on NDDB also ventured into the field of edible oils. After the Indo-China war in 1962, both the Consumer Cooperative Structure and the Public Distribution System (PDS) was strengthened. The government as a matter of policy decided to give preference to consumer or other cooperatives in the allotment of fair price shops and certain States allotted new fair price shops only to cooperatives. With the growth of public deposits in Urban Cooperative Credit Societies, it was felt necessary to insure these under the Deposit Insurance Scheme of Reserve Bank of India. Selective provisions of the RBI Act 1934 and later Banking Regulation Act 1949 were made applicable to Cooperative Banks w.e.f. March 1, 1966 to regulate their banking business and facilitate insurance coverage of deposits. Thus, they became an integral part of the banking system of the country.

National Institutions which came into existence in the 1960s

The Agricultural Refinance Corporation was set up in 1962 by the Government of India to provide long-term loans to cooperatives, through Central Land Mortgage Banks.

In 1963, the National Cooperative Development Corporation (NCDC) under the Ministry of Agriculture and Farmers Welfare was established as a statutory corporation by an Act of Parliament. The establishment of the NCDC gave a great boost to the growth of cooperative marketing and processing societies.

While on a visit to Anand in October 1964, impressed by the socio-economic transformation brought about by milk cooperatives, Shri Lal Bahadur Shastri, the then Prime Minister of India, spoke of the desirability of setting up a national level organization, the National Dairy Development Board (NDDB), to replicate the Anand pattern of cooperatives in milk throughout the country.

(2) Increased Regional disparities

Several other significant organizational developments also took place during this period such as the setting up of various National Cooperative Federations and re-organization of the National Cooperative Union of India (NCUI). In 1967, the Vaikunth Mehta National Institute of Cooperative Management was set up in Pune. Growth of consumer cooperatives was also an important development of this period. Simultaneously, the programmes for dairy, poultry, fishery and labour cooperatives were set up.

The Fourth Five Year Plan (1969-1974) gave high priority to the re-organization of cooperatives to make cooperative short-term and medium-term structure viable. It also made necessary provisions to provide cooperatives with management subsidy and share capital contribution, as well as for the rehabilitation of Central Cooperative 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 cooperative societies and suggest measures to weed out non genuine societies; to review the existing cooperative laws and practices to eliminate vested interest. The recommendations of the Committee resulted in amendments in the cooperative legislation in most states, which destroyed the autonomous and democratic character of cooperatives.

The Fifth Five Year Plan (1974-1979) took note of the high level of over-dues. In its recommended strategy for cooperative development, the correction of regional imbalances and reorienting the cooperatives 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 cooperative set-up was envisaged. The Plan recommended the formulation of Farmers' Services Cooperative Societies as had been envisaged by the National Commission on Agriculture and stressed the need for professional management of cooperatives.

The Sixth Five Year Plan (1979-1985) also emphasized the importance of cooperative efforts being more systematically directed towards ameliorating the economic conditions of the rural poor. The Plan recommended steps for re-organizing Primary Agricultural Credit Societies into strong and viable multi-purpose units. It also suggested strengthening the linkages between consumer and marketing cooperatives. Consolidation of the role of Cooperative Federal Organizations, strengthening development of dairy, fishery and minor irrigation cooperatives, manpower development in small and medium cooperatives were some of the planned programmes.

NABARD Act, 1981

The National Bank for Agriculture and Rural Development (NABARD) Act was passed in 1981 and NABARD was set up to provide re-finance support to Cooperative Banks and to supplement the resources of Commercial Banks and Regional Rural Banks to

(2) Increased Regional disparities
enhance credit flow to the agriculture and rural sector.

Multi-State Cooperative Societies Act, 1984

With the objective of introducing a comprehensive central legislation to facilitate the organization and functioning of genuine multi-state societies and to bring uniformity in their administration and management, the MSCS Act of 1984 was enacted. The earlier Multi-Unit Cooperative Societies Act of 1942 was repealed.

The Seventh Five Year Plan (1985-1990) pointed out that while there had been all round progress in credit, poor recovery of loans and high level of over dues were matters 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 cooperative movement in urban as well as rural areas and promoting professional management.

With increasing demand from proponents of an autonomous cooperative movement and reforms in the Cooperative laws, the Government constituted a Committee on Cooperative Law for Democratization and Professionalization of Management in Cooperatives in 1985, headed by Shri K.N. Ardhanareeswaran. The Committee recommended the deletion of those legal provisions in State Cooperative Acts, which militate against the democratic character and autonomy of cooperatives, and also recommended incorporation of several provisions which could activize democratic processes for infusing professional management into cooperatives.

Similarly, in 1989 the Agricultural Credit Review Committee under the chairmanship of Prof. A.M. Khusro examined the problems of agricultural and rural credit and recommended a major systemic improvement. The Committee recommended that the Eighth Plan should become the plan for revival of weak agricultural credit societies.

Model Cooperatives Act, 1990

An Expert Committee appointed by the Planning Commission in 1990 under the chairmanship of Choudhary Brahm Perkash, made a rapid review of the broad status of the cooperative movement, future directions and finalized a Model Cooperatives Act. Since cooperation is a State subject and each State has its own cooperative legislation covering cooperatives whose membership is confined to the State, the report of the Committee, along with a draft Model Cooperative Law, was circulated to all State Governments for their consideration and adoption at State level.

The Eighth Five Year Plan (1992-1997) laid emphasis on building up the cooperative movement as a self-managed, self-regulated and self-reliant institutional set-up, by giving it more autonomy and democratizing the movement. It also spoke of enhancing the capability of cooperatives for improving economic activity and creating employment

(2) Increased Regional disparities opportunities for small farmers, labourers, artisans, scheduled castes, scheduled tribes and women and emphasized development and training of cooperative functionaries in professional management.

3.5.2 Parallel Cooperative Legislation

From the Ninth Plan (1997-2002) onwards, there has been no specific mention about cooperatives as a part of the Plan. Since Cooperation is a State subject and recognizing the difficulties in having the existing State Cooperative Acts amended on the lines of the Model Cooperatives Act, a section of cooperators and civil society initiated action to put in place Parallel Cooperative Legislation for self-reliant cooperatives. Self-reliant cooperatives are generally defined as those which have not received any assistance from the Government in the form of equity contribution, loans and guarantees. These Acts are largely based on the recommendations of the Choudhary Brahm Perkash Committee. Nine States namely AP (1995), MP (1999), Bihar (1996), J&K (1999), Orissa (2001), Karnataka (1997), Jharkhand (1996), Chhattisgarh (1999) and Uttarakhand (2003), have so far enacted Parallel Cooperative Acts which are enabling and ensure autonomous and democratic functioning of cooperatives.

Multi-State Cooperative Societies Act, 2002

The Multi-State Cooperative Societies (MSCS) Act, enacted in 1984, was modified in 2002, in keeping with the spirit of the Model Cooperatives Act. Unlike the State Laws, which remained as a parallel legislation to co-exist with the earlier laws, the MSCS Act, 2002 replaced the earlier Act of 1984.

National Cooperative Policy (2002)

In 2002, the Government of India enunciated a National Cooperative Policy. The objective of the Policy is to facilitate an all round development of cooperatives in the country. The policy promises to provide cooperatives with the necessary support, encouragement and assistance, to ensure their functioning as autonomous, self-reliant and democratically managed institutions, accountable to their members, and making a significant contribution to the national economy.

Based on the recommendations made at a Conference of State Ministers for Cooperation, the Government of India in 2002 constituted a Ministerial Task Force to formulate a plan of action for implementation of National Cooperative Policy. The Task Force suggested that a single law instead of parallel laws should be introduced in the States. It also recommended, among others, that in order to depoliticize cooperatives, Members of Parliament or Members of Legislative Assemblies should not be allowed to hold office of any cooperative society.

(2) Increased Regional disparities The Companies Amendment Act, 2002

A Committee under the chairmanship of Dr.Y.K.Alagh recommended the amendment of the Companies Act, 1956. On the basis of the recommendations of the Committee, the Producer Companies Bill was introduced in the Parliament and became law on 6th February, 2003 as Part IXA - Producer Companies in the Companies Act, 1956. Based on the cooperative principles of mutual assistance, it provides an alternative to the institutional form that is presently available to cooperative enterprises.

3.4 Cooperative Education

The degree of success in a cooperative organization is determined by the awareness of the members towards their rights and responsibilities. Each member should know his right and should also be willing to exercise his right so that the organization may maintain true democratic character. Similarly each member should be willing to share his responsibility. To bring such a change, cooperative education is vitally important.

Commission on Cooperative Principles classified four groups which are to be brought under cooperative education. The groups are:-

- a) The members.
- b) Office bearers
- c) Employees
- d) General public

According to commission "All cooperative societies should make provision for the education of their members, officers, employees and the general public, in the principles and techniques of cooperation, both economic and democratic".

Distinguishing Features of Cooperatives:

a) One Man-one Vote Unique to Cooperatives :

As in the case of private and public sectors, the ultimate decision makers in cooperatives are member-shareholders. But in cooperative organizations voting is not linked to investment in shares. One-member-one-vote is the principle followed in decision making. This itself divorces the center of power from investment to member, thus putting the person on a high pedestal.

b) Member participation to be monitored and managed:

To the extent that a cooperative is formed to meet the needs of a group of people, the organization has to fully understand the implications of meeting the needs. Even when the content of the need is the same, the qualitative and the Quantitative aspects of members' needs may vary. For instance, a credit cooperative is formed by farmers to meet credit needs. Qualitatively credit needs of a large farmer may be for investment purposes, whereas those of a small farmer may be for working capital. This diversity in

(2) Increased Regional disparities

needs and aspirations can pose problems to the cooperative. In a joint stock company, the shareholders' stake is limited to the return on share and nothing beyond, whereas in cooperative the objective of fulfilling the needs of members is the focus. This would impose obligations on the cooperative to reach members and ensure that they participate in the economic activity.

e) Owner-user dual role conflicts

Since people are coming together to solve their problems through the organization, socio-cultural diversity among members can cause problems. In decision making, subjective elements based on caste loyalties can create serious problems. The likely influence of these factors on the organizational culture, decision-making process and goal setting make cooperatives distinctly different from other forms of organisations.

Yet another dimension arising out of the organizational goal is the problem of reconciling conflicts that arise between short term objectives of the individuals and the long-term objective of the organisation. When the organization tries to be continuously sensitive and relevant to its member needs the conflict has to be continuously reconciled.

d) Employer-employee conflicts

Another distinguishing characteristic of a cooperative is the relationship between paid employees and shareholders. In a cooperative, the employers, i.e. shareholders, would have to perform the dual role of leading and be led, control and be controlled by the employees. This imposes severe stress and strain on both and has certain implications on the style of management.

e) Leadership based on entrepreneurial and representational abilities

The role of leadership is yet another aspect that makes a cooperative a special form of organisation. Leadership in any business organisation needs entrepreneurial qualities. In the case of cooperatives the additional qualification required is the commitment of the leadership to the collective cause of the constituents or in other words the representational ability to its member needs. Further, the role of leadership changes at different stages of the organisation's life cycle.

f) Conferring intangible benefits on shareholder members

Unlike other enterprises, cooperatives can provide intangible benefits to its shareholders through investments in good education, medical and other infrastructural development. This is quite different from the welfare activities undertaken by other enterprises for their employees.

g) Cooperative's responsibility to the community

Another distinguishing feature of a cooperative is the way it discharges its responsibility to the community or society. Organisations are defined as goal-oriented collectives

(2) Increased Regional disparities consisting of groups of individuals. Azumi and Hage define organizations as structured bodies designed to achieve specific objectives that are part of the larger institutional process. In other words, organizations have some specific functions and have obligations to society. This is brought out quite sharply by Gibson, Ivan Cevich, and Donelly: "Society expects different contributions from business firms, hospitals, universities, and government agencies. Through the actions of these organizations society is provided goods, health care, education, protection and other social services. The quality of life depends upon the effective performance of these specialized organizations". This implies that it is not enough if organizations achieve their limited goals (of the sponsors) but having used the limited resources of the community efficiently, they also serve the community effectively.

While the community is a recipient of products and services of business organizations, the benefits in the case of cooperatives are confined to community which has formed the cooperative. In such a situation how will cooperative organizations become socially relevant to the community? First, by keeping the membership open to one and all, the cooperative could benefit anyone who seeks membership. It is the open membership that makes a cooperative an organization not of a selfish few for selfish interests but one ever keen to serve all those who need it.

The second method which a cooperative serves the community is through the market share mechanism. When a cooperative business reaches a critical level of the marketshare, it automatically regulates other business institutions in a way that they also serve social interests. This implies that the cooperative organizations effectiveness should not only be viewed from the narrow perspective of what it directly confers on its members but also by what it contributes to the collective good of the company through its presence and performance. In other words, the effectiveness of a cooperative affects the individual:(a) as an individual, (b) as a member of a cooperative, and (c) as a member of the community.

Cooperative as an Institution:

Institutional Values

Member prosperity: The most important purpose in forming a cooperative is to promote the economic and social well-being of the members.

Member growth: For enabling member to get economic benefits, two factors need to be taken care of: removing the disabilities through the scale of operation; and enabling the members to overcome the constraints that inhibit growth at the individual level. In other words the role of the cooperative does not end with conferring the benefits of collective action on members but should facilitate the members to use the resources at their command more efficiently. It is like saying "take the horse to water and also make it drink". This implies that the organisation should keep on identifying the reasons and

(2) Increased Regional disparities
 bottlenecks that effect the growth at the member level and devise ways and means to overcome them.

Participation: Making the members participate in the economic activity and decision making is equally important. If the members fail to patronize, the cooperative would degenerate into a joint stock company. Participation in decision making is the only means to make them realize that they are the owners of the organisation. A large membership does not excuse the neglect of even a lone voice. On the contrary, it should be the duty of a cooperative to build a system that would create sensitivity to the reaction of members, expressed collectively or individually.

Self-regulation: In an association of equal partners, self-regulation should become a part of the organizational culture. It is neither feasible nor desirable to depend constantly on external control to regulate member participation for the simple reason that, overtime, it tends to become counterproductive. More importantly it would affect the social hygiene of the organisation.

Leadership development: Another equally important value is leadership development in a cooperative. The growth and permanency of a cooperative depends on the quality and continued availability of good leaders. Identifying leaders among members is the task of the members. They should be in a position to define the leadership qualities required for the organisation at different times and elect the appropriate person. The leaders too should develop a culture that helps the growth of the organisation.

All these institutional values are mutually supportive, interdependent and reinforcing. To make member's prosperity a continuous process, there should be constant and sustained efforts to impart knowledge, skill and understanding among members. By encouraging them they would become an effective "demand-system" making constant claims for better services. By helping members to imbibe the culture of self-regulation, they are made aware of their duties. Conscious efforts to build the quality of leadership ensures continued success and growth of the organisation.

As stated earlier, to instil these values and to reach the goal of the organisation, suitable processes have to be developed with appropriate planning, organizing, and evaluatory processes. Who should be responsible for inculcating these institutional values in the cooperative? Should it be the function of the managers, the managing committee, or members? The answer is that all are equally responsible for strengthening the socio-economic values in the organisation.

Cooperation-Activities

Activities of cooperation have two parts, as credit and non-credit sides. They are further sub-divided into Agriculture and non-agricultural cooperatives.

Credit activities form into short term and long term credits. Structure of the cooperative

(2) Increased Regional disparities credit movement are three fold namely primary, central, and apex levels. At the bottom, village primary cooperative societies with 25 or more persons joined together with limited liability manage with elected bodies. They put up their shares, collect deposits from members and non-members and distribute the funds at low rates of interests among members, as required, to be repaid in convenient instalments. Their activities are all bound by specific rules and regulations by the set of principles covered by bye-law and the same is supervised by the Department.

These societies are linked as members in the District Cooperative Banks (Central level) with which they deposit funds and draw advances and loans for meeting their monitory needs for distribution to members. As the third stage these district cooperative credit institutions are linked with the Apex State Cooperative Bank which controls the monetary functions of the entire credit flow of the district and village institutions by drawing money from the NABARD and Government for lending activities.

Land Development

Similarly, long-term credit functions are dealt with by the Land Development Banks at two stages namely primary and State levels. The Land Development Banks otherwise raise resources by floating debentures in markets but guaranteed by State Governments. Investments through debentures are mainly from Life Insurance Corporation of India, State Bank of India and other Commercial Banks such as Reserve Bank of India and Cooperative Banks and State/ Central Governments.

Involving Cooperatives in Rural Developments

Organised cooperatives consisting of members working for ameliorating the condition of the rural poor through integrated rural development approach would magnificently create social consciousness merely inhibiting democratic ideas, sense of responsibility and amalgamating poverty stricken groups to mobilize their talent and society.



Cooperative Credit in Rural Areas

At present, activities of cooperative societies are mainly confined to credit distribution. Multipronged functions might help to improve facilities in rural atmosphere and as well to develop the rearing. The spur of cooperative spirit even to the remotest of the habitations in the country and the activities should appropriately be continued and managed in the true spirit of the movement. Good faith and fuller participation of the members gather the opinion, activate the function and also rectify the defects in the situation. Cooperative societies have made a headway in the public distribution system continued with their own commercial functions. Despite shortcomings in certain areas which are otherwise detected and corrected, the system works well although. Needs of the rural poor are suitably met by the Agriculture Credit Societies and Land Development Banks as the twin edges of the Blade. Both supply of goods and money are made

(2) Increased Regional disparities available through these organizations. Government programmes are also implemented by way of credit assistance are categorized as term loans namely short term, Medium term and Long term credits. Short Term Loans are provided for meeting the emergent seasonal agricultural needs of the members and jewel loans for non-farm necessities. Medium Term Loans are sanctioned for poverty alleviation programmes and development works too. Long term credits is provided for industrial and agricultural projects and also for purchase of implements and machinery. Cooperatives keep up the mechanism of forward and backward linkages through supply of credit for productive purposes, procurement and supply for marketing purpose and control of finance through recovery and refinance.

3.5 Cooperatives and Rural Development

Need for Cooperatives in Rural Development

The preference for cooperative as an institutional infrastructure for rural development arises from the following considerations:

- a) A cooperative has better intimate knowledge of the local situation in which it operates.
- b) It is nearer to the people and can hence appreciate their needs.
- c) It is capable of identifying the small producers who need help on priority basis.
- d) Cooperative has horizontal and vertical linkages so that it could provide integrated services to a producer.
- e) Cooperative structure is federal in character to enable the individual member in a village society to avail services of a federation even at the National level.

The approach to rural development through cooperatives have been attempted in diverse fields such as agricultural credit, marketing and processing of agricultural produce, promotion of agro-industries, rural artisans and farming systems. The success of green as well as white revolution could not have been possible in the absence of an efficient input importance of cooperation in the field of agricultural development programmes are to accelerate the growth of agricultural production, increase employment opportunities and more important, raise productivity and above all to alleviate rural poverty.

Cooperative Programmes

Some of the cooperative programmes for the rural development are discussed below:

Credit

The institutional credit continued to play an important role in increasing agricultural production and in increasing the standard of living by helping the rural community. It helps to broaden the income generating base of the producer encompassing land development, well irrigation, pump sets, fishery equipments, dairy stock etc.

(2) Increased Regional disparities Cooperative Marketing

The cooperative marketing plays a vital role as it ensures economic utilization of the available resources in the rural areas by creating potential markets. They offer an effective countervailing force against speculative tendencies of the market weighed against the farmers, ensure fair market prices and also promote interstate and export trade for providing a better return to the farmers.

Processing Cooperatives

Cooperative processing a major development is the emergence of cooperative sugar factories of the growers. There are 225 sugar factories which account for nearly 62 per cent of the national production of sugar. During the year 1992 total sugar produced was 10 million tones in which sugar produced by cooperatives is 6.2 million tones.

Dairy Cooperatives

The Diary Cooperatives have made impact on the social and economic life of the people, the Government have cooperated with the National Dairy Development Board (NDDB) in the implementation of Operation Flood.

Anand pattern (3 tier) structure has laid the foundation for a dairy Industry owned and controlled by farmers and offers an effective alternative to the exploitative traditional marketing system. There were 70188 Dairy cooperatives in the year 1991 with a business operation of Rs. 1466.7 crores serving to the rural poor.

3.6 Women Cooperatives

The Cooperatives Movement in India has put emphasis on projecting and promoting interest of weaker sections. The increase in the number of cooperatives has led to increased participation of women in these cooperatives. Majority of rural women in India are still illiterate, engaged in unorganized and activities in agricultural and allied sectors. Exclusive womens cooperatives were organized and wherever, these cooperatives have been successful, it has helped to improve the economic condition and social status of women. In the year 1990 there were 5478 women primary cooperative societies with a business operation of these societies were to the tune of Rs. 28.6 crores.



In India the role of cooperatives in underpinning the programme of agriculture and rural development has been significant. A vast network has been created by cooperative in the rural areas. The share of cooperatives in agricultural finance, despite the multiagency approach is 46 per cent, in distribution of fertilizers 34 per cent, in sugar production 62 percent. Similarly, in other fields such as diary, fisheries, consumer public distribution the cooperatives have made significant contributions. It is crystal clear that in rural

(2) Increased Regional disparities
 development activities cooperatives acts as the panacea for the rural poor, and
 cooperatives have no equals in bringing about socio-economic changes in the rural areas.
Powers and Functions of the Registrar

3.7 Function of the Cooperative Department

The Registrar of Cooperative Societies is appointed by the State Government to perform the various duties enjoined on him under the State Cooperative Societies Act. The Registrar enjoys certain statutory powers to discharge his duties effectively. These powers relate to registration of societies, enquiry into their working, audit of societies, arbitration of disputes, execution of awards and decrees, winding up, etc. The cooperative department has to ensure that the statutory audit of cooperative societies is conducted in the time and the defects pointed out are promptly rectified.

The powers that the Registrar enjoys under the Cooperative Societies Act and the functions to be discharged by him may be summarized as under :

(i) Power of Registration

The Registrar is empowered to register a cooperative under the Cooperative Societies Act and the cooperative cannot formally start functioning unless it is registered by the Registrar or any other officer duly authorized by him in his behalf. The Registrar issues a registration certificate under his seal and signature which is a conclusive evidence of the fact that the cooperative is a duly registered organisation under the Cooperative Societies Act.

(ii) Power of Audit

The Registrar in most States is having the powers to get the accounts of a cooperative audited by the staff appointed for the purpose. In certain States like U.P. audit is independent of the Registrar of Cooperative Societies. The Mehta Committee on Cooperative Administration had recommended that the audit should be placed under the Registrar whereas the Mirdha Committee had recommended earlier that audit should be independent of the Registrar.

(iii) Power of Arbitration

The Registrar has got powers to decide a dispute referred to him or to an officer duly authorized by him.

(iv) Power of Winding up

The Registrar has got powers to decide a dispute referred to him or to an officer duly authorized by him.

(v) Powers of Inspection, Enquiry and Control

(2) Increased Regional disparities Registrar or a person duly authorized by him can inspect any cooperative and can make enquiry into the financial status of a cooperative. The Registrar has also the powers to supersede the management of a cooperative if on enquiry it is found that the operations of the cooperative are detrimental to the interests of the members.

(vi) Powers to issue corrective directives

The Registrar has been empowered to take corrective measures under the Act and Rules in cases where he considers necessary and expedient in the interest of a cooperative in particular and cooperative movement in general. Following are some of the corrective measures envisaged under the various Cooperative Societies Acts:

- a) The Registrar may pass an order (of his own motion) directing the winding up of a cooperative in case the registration of such a cooperative has been effected by mistake or by fraud.
- b) The Registrar may pass an order for removal or expulsion of a member who was admitted to membership of a cooperative in contravention of the Act, Rules or Bye-laws or who has ceased to fulfil the qualifications prescribed for membership or who has incurred disqualifications for continuing as a member.
- c) The Registrar may take steps for the removal or disqualification of an officer of a cooperative from his office if he has contravened or omitted to comply with the provisions of the Act, Rules or Bye-laws.
- d) The Registrar may take statutory steps for supersession or suspension of a managing committee and may appoint an administrator or a new committee of management if he is satisfied that certain vested interest has created a monopoly over a certain cooperative and managing committee is functioning against the interest of the cooperative.
- e) The Registrar is empowered to hold elections of the members of the board or committee if the members have failed to hold elections according to Rules or the Act.
- f) The Registrar can pass orders of surcharge against any person associated with the management of a cooperative if it is found that the organisation concerned has incurred losses due to the negligence of such persons.

3.8 Role of Voluntary Organisations in Cooperative Development

Cooperatives are also basically supposed to be the voluntary organizations. It originated in the struggles of the people to find ways and means to achieve certain economic and social goals. The conscious attempt of the people results in coming together, pooling their resources in the competitive environment and achieving thereby the economics of scale. This creates in them a sense of achievement and elicits cooperative behaviour. Organisation of Women Cooperatives should be organized. The main emphasis should be on the weaker sections of women population who can make use of cooperative services.

(2) Increased Regional disparities and developmental services through their own societies. It needs diversification of activities and liberalization of procedures. Prior to organizing the societies, it will be necessary to take up a survey for finding our women's involvement in the work force of particular areas and also their needs and interests. Some potential areas of women involvement are mentioned below:

For Rural Women Women Farm Labour Cooperatives: Agriculture is the main economic activity for rural women who in majority are land less. In the absence of institutional base, these women are generally exploited. The Report of "Committee on Status of Women in India" mentions that "the main disabilities and source of exploitation of agricultural labour are rooted in their landlessness, lack of organisation and inequality of status". Organisation of Farm Women Cooperatives will give them joint bargaining power for better wages and save them from other exploitation. Additionally, they can also organize some income generating activities that they can earn income during the slack season also. Cooperative extension/education services and other social developmental services could be extended to such women groups.

Rural Women Artisan Cooperatives: The female population belonging to the households of small and marginal farmers can be grouped into artisans cooperative societies. The traditional skill which they possess e.g. punja durrie weaving, basket making, chiken work, zari work, handloom weaving, brass engraving, etc. have to be identified for the purpose. Modernisation and skill development will be necessary.

Agro based Industrial Cooperatives

Dairy farming Poultry

Bee keeping

Fisheries & fish marketing Sheep breeding

Goat rearing

Cereal Processing Cooperatives

papad making

puffed rice processing roasting of grains bakery products

spice grinding etc.

Vegetable gardening, fodder and fuel cooperatives: Rural women can organize cooperatives with vegetable gardening fodder and fuel growing on the waste land around their houses or on the land owned by village owned village panchayats.

National Cooperative Development Corporation of Parliament in 1963 as a statutory Corporation under the Ministry of Agriculture and farmers empowerment.

NCDC has the responsibility of planning, promoting and financing programmes for production, processing, marketing, storage, export and import of agricultural produce, food stuffs, certain other notified commodities e.g. fertilisers, insecticides, agricultural machinery, lac, soap, kerosene oil, textile, rubber etc., supply of consumer goods and

(2) Increased Regional disparities collection, processing, marketing, storage and export of minor forest produce through cooperatives, besides income generating stream of activities such as poultry, dairy, fishery, sericulture, handloom etc.

NCDC Act has been further amended which will broad base the area of operation of the Corporation to assist different types of cooperatives and to expand its financial base. NCDC will now be able to finance projects in the rural industrial cooperative sectors and for certain notified services in rural areas like water conservation, irrigation and micro irrigation, agri-insurance, agro-credit, rural sanitation, animal health, etc. Loans and grants are advanced to State Governments for financing primary and secondary level cooperative societies and direct to the national level and other societies having objects extending beyond one State. Now, the Corporation can also go in for direct funding of projects under its various schemes of assistance on fulfillment of stipulated conditions
 (Source: National Cooperative Development Corporation home page)

Problems and challenges that cooperatives face today :

- a) Inability to ensure active membership, speedy exit of non-user members, lack of member communication and awareness building measures
- b) Serious inadequacies in governance including that related to Boards' roles and responsibilities
- c) A general lack of recognition of cooperatives as economic institutions both amongst the policy makers and public at large
- d) Inability to attract and retain competent professionals
- e) Lack of efforts for capital formation particularly that concerning enhancing member equity and thus member stake
- f) Lack of cost competitiveness arising out of issues such as overstaffing, a general top-down approach in forming cooperatives including the tiered structures
- g) Politicization and excessive role of the government chiefly arising out of the loopholes and restrictive provisions in the Cooperative Acts.

In addition to the above, there is also a serious problem of a large number of cooperatives that are sick/non-viable. Read Vaidyanathan Committee Report which has dealt in detail the problems specific to credit cooperatives.

3.9 Summary Report of the High Power Committee on Cooperatives constituted by the Government of India

It sees them as self-reliant and self-sustaining institutions functioning in a free, fair and transparent manner in keeping with the principles and values of the cooperative movement. Summary Recommendations of the Committee are given below:

1. Considering the importance of a progressive and enabling legislation, which provides a

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level playing field for cooperatives with other corporate entities, the law enacted in each state should be amended to truly reflect the letter and spirit of the Model Cooperatives Act proposed by the Choudhary Brahm Perkash Committee Report. Even in States where a Parallel law has been enacted, considering its poor utility and problems faced, a single enabling law be enacted, which is member centric and based on cooperative principles, replacing the existing State Acts.

The laws enacted with the Model Cooperatives Act as the basis should also consider the following:

- a) With a view to enhance member participation in cooperatives and enable them to do away with non-user members the Acts must provide for a definition of 'active member', right to vote and contest only to active members and an enabling provision for speedy exit of non-user members
- b) In order to improve the effectiveness of Boards particularly their trusteeship role and fiduciary responsibilities, ensure accountability and professionalization of the organization, the laws should provide for clearly defined roles and responsibilities of the cooperative's board vis-a-vis that of paid executives/managers and a fair, but enforceable provision for fiduciary responsibility as provided in the Companies Act.
- c) With a view to build in professionalism, the Acts should provide for co-option of experts/subject matter specialists, mandate that any person elected as a Director on the Board should undergo a set of prescribed training programmes within six months of being elected
- d) Considering the need to remove all such loopholes in the law, which have contributed to the politicization of cooperatives, it is necessary that the laws also provide for rotational retirement of Board members and restriction on contribution to political and religious organizations.
- e) Keeping in view the need to enable cooperatives, which have already received equity contribution from the government, the laws should also provide for repatriation of government equity and where cooperatives are unable to return the government equity, they may enter into an MoU with the cooperative agreeing to such conditions that the government may stipulate.
- f) In order to enhance competitiveness, the laws should enable cooperatives to decide their Organizational structure and staffing including recruitment policies, service conditions and remuneration, undertake measures such as formation of joint ventures, partnerships, subsidiaries and strategic alliances with cooperatives flexibility in business decisions, mobilizing funds and allocation of surplus.
- g) State Governments should put in place a policy framework for facilitating the functioning of cooperatives with free and fair means, in no less equal terms with any other organization engaged in economic activities.

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- h) States should refrain from deputing officers to occupy key positions in cooperatives except on an explicit request from a cooperative and ensure that the officers if deputed to hold key positions are given a minimum tenure of three years.
- i) The utility of various tiers of the cooperative structure be examined in each case and actions be taken for de-layering wherever the structures are not found to be cost effective.
- j) Cooperatives should undertake member awareness and education programmes on a continuing basis in order to sensitize members regarding their rights, responsibilities/obligations in respect of the organization to which they belong and make special efforts to facilitate women and youth participation in cooperatives.
- k) A scheme of Central Government and State Government budgetary provision for soft loans to farmers for share capital participation should be considered seriously.
- l) Retained earnings in cooperatives are the most important form of collective capital. However if a substantial portion of retained earnings is taken away in the form of income tax, the rate of accretion to the reserves becomes that much slower affecting the health of the cooperative and its growth. Full income tax exemption is therefore recommended for all cooperative societies. This will be a major incentive for the cooperatives to strengthen their capital base.
- m) The share of Cooperative Banks in rural credit has been steadily declining and is around 18%. Cooperative Banks presently depend for their activities on their own funds which are very limited and refinance from NABARD. Since adequate refinance through NABARD cannot be relied upon and many of the Cooperative Banks are weak and unable to raise funds from the market, there is a strong need for an alternative organizational set up to mobilize funds and to bridge the systematic gap in the cooperative credit and banking structure.
- n) Cooperatives in various countries have adopted different strategies to augment their equity. The system of tapping share capital from non-members through different classes of shares or special purpose vehicles is also found. Depending upon the business of the cooperative, financial instruments need to be developed for raising capital.

Amendment to the Constitution

The Committee endorses the view that only through certain amendments in the Constitution it will be possible to ensure that the State cooperative laws provide for enabling the autonomous functioning of the cooperatives. The Committee reviewed the Constitution Amendment Bill (106th Amendment Bill 2006) and recommends that some cooperatives.

- Apprehending that introducing new Part IX B after Part IX A of the Constitution as the Bill proposes, along with Panchayati Raj Institutions (PRI) and Municipalities, would imply that cooperatives are a part of governance, the insertion of this part may be

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considered at any other appropriate place in the Constitution to ensure that this construal is dispelled.

2. Number and term of members of Board of Directors and its office bearers (Following additions are recommended under this Head)

Only elected members of the Board of Directors shall be eligible to vote in election and to be elected as Chairman or Vice Chairman or President or Vice President of the Board.

Candidates who have lost in elections to the Board shall not be co-opted on the Board either on casual vacancy or otherwise.

3. Election of members of Board

The Bill recommends that functions relating to, and the conduct of all elections to the co-operative societies, shall vest in the General Body of a cooperative society. As it may not be possible to hold meetings of General Body frequently, the Committee recommends that these functions shall vest in the Board of a cooperative society.

4. Supersession of Board of Directors

The Bill provides that no Board of a cooperative society shall be superseded, where there is no Government shareholding of loan or financial assistance or any guarantee by the Government.

Since this would imply that the Boards of cooperatives even where there is a minor government shareholding of financial assistance or any guarantee by the government can be superseded, the Committee has suggested that no supersession of the Board of Directors should be allowed in any case where government shareholding is less than 51%.

Amendment to the Multi-State Cooperative Societies Act, 2002

The Committee took note of the fact that while the MSCS Act, 2002 has been in operation for the last six years there is a need to make the Act more comprehensive to mitigate practical problems being faced by the Multi-State Cooperative Societies due to certain provisions of the Act. Some important recommendations of the Committee are:

1. The internationally accepted definition of Cooperative Society reflecting its voluntary, autonomous and democratic nature may be introduced in the Act.
2. To ensure that the cooperatives are user owned and user controlled, a concept of "active member" may be introduced in the Act and accordingly, a definition of active member be included. The Act should provide that only active members shall have the right to vote/contest elections.
3. A fair, but enforceable provision for fiduciary responsibility as provided in the Companies Act should be introduced. It should be mandatory for the directors on interests. A provision be also made for cooption of experts on the Board.

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4. Provisions may be introduced putting restriction on contribution to political and religious organizations.
 5. Provisions for raising of capital through issue of non-voting shares and IPO may be included
 6. Deletion of Rulemaking powers.

(Source: Report of the High Powered Committee on Cooperatives, May 2009, Ministry of Agriculture, Government of India)

3.10 Key Words

Tenancy Cultivation: Tenancy cultivation is quite common in rural India whereby the land is cultivated by small farmers and share crop with owners as payment of rent for using land.

Green Revolution : The dramatic transformation in agriculture practices that involves the use of new methods of cultivation and inputs refers to as Green Revolution. It was a period when the productivity of global agriculture increased drastically as a result of new advances. During this time period, agriculture technological advances in the field of seed, fertiliser, pesticides, etc. were used efficiently by the farming community to increase the production. In India, the green revolution occurs as a result of adoption of new in the food grains production.

Co-operation: Cooperation is a form of organization in which persons voluntarily associate together on a basis of equality for the promotion of their economic interests. Those who come together have a common economic aim which they cannot achieve by individual isolated action because of the weakness of the economic position of a large number of them.

3.11 Reference

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