

# COOPERATIVE AND RURAL DEVELOPMENT

(Gandhian Perspective For Sustainable Development)

सहकारिता एवं ग्रामीण विकास  
( गांधी विचार के परिप्रेक्ष्य में सम्पोषित विकास )



*Edited By*

**Dr. Lokesh Jain & Dr. Rajiv Patel**

Professor

Professor & Dean

## ABOUT THE BOOK

Gandhi realized that Cooperative is only the institution capable to bring Gram Swaraj. This Swaraj was assumed, where all will get work, reasonable earning and efficient productivity to satisfy their fundamental needs. This Swaraj lead to economic freedom of all. Gandhi said that cooperative must be success in our rural India. Gandhi is not past. It is present for harmonious living, peace and prosperity and it is also the guarantee of sustainable future. In Gandhian philosophy, there is desired sensitivity about weaker and needy section of Society. Gandhiji said at the time freedom of India that we can't enjoy freedom truly till not ensure economic freedom of society. The sense of economic freedom lies in healthy agriculture, animal husbandry, small, cottage and village industry that assure self sufficiency, creative productivity, production by mass and justice in distribution of income and resources of production for betterment in living. He strongly advocates decentralization of power and economy to make strengthen people and build up their self-confidence towards their inner skills, ability and capacity. Cooperative is an effective tools that provide vital opportunity for fruitful utilization of these skills in united manner against the system of exploitation. It explores the canvas for proper and potential use local wisdom in various fields of human needs.

## ABOUT THE AUTHORS



**Dr. Lokesh Jain**, is working as Professor in the department of Rural Management, Gujarat Vidyapith, Rural campus- Randheja-Gandhinagar (Gujarat) since 2004. He worked in MLS University, Udaipur. as JRF & SRF(UGC) during 1994-1997 and served as Lecturer- Business Administration in a college of MDS university Ajmer during 1997-2004. He is serving also as Programme Officer- NSS since 1998. He completed PG in Rural Management from Gujarat Vidyapith, Ahmadabad. He completed successfully two UGC Sponsored research Projects on Natural Resource Management & Traditional wisdom and Sustainable livelihood Hunner System in Tribal Area of Gujarat. He organized two National level Seminars child labour and Management for Sustainable Rural Development. He has published more than 75 research and conceptual articles in reputed national journals with the focus theme of sustainable rural development practices. His 10 papers published in edited books. Beside of this he had written 11 books on several dimension of Management, Rural development.



**Dr. Rajiv Patel**, Dean – Faculty of Management and Technology and working also as Director- Centre for Studies in Rural Management. He did M.Phil & Ph.D. in Rural Economics. Ten Students have been completed Ph.D. under his Guidance. He headed 7 UGC Sponsored Seminars and participated also in more than 15 Seminars. He has published 22 articles in reputed journals. He has also published 4 books. He worked to manage Social and Disaster Projects in Kosi-Bihar, in Surat and Bhuj Earthquake. Third party Evaluation of Nirmal Gam Awards in Maharashtra and Vatan Seva Projects done under his principal investigation.



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## Notable Individuals of Cooperative Movement in the World

**Mr. Ramdas Yede**, Head, Department History, Sonopant Dandekar College, Palghar - 05

### Introduction

When studying the impact of the individual in history there are different approaches that must be considered in order to comprehend the differing levels of significance that groups of individuals contribute to history.

The first, and perhaps most obvious theory, is the 'Top Down' approach and that of the 'Great Man'. Coined during the nineteenth century, this theory explores the importance of notable individuals that had a decisive historical impact. In opposition to this is the 'Bottom up' theory, which explores the importance of the masses and the 'everyman in shaping societies. Both approaches are the source of much historical debate when deciding which group had the greatest impact in shaping world history and perhaps it is only through the comparison of both that allows the historian to grasp the importance of the individual in history.

### Concept of Cooperative

The idea of cooperation is not new to man. It is as old as man himself. Cooperatives are an almost universal form of organization today found in practically all countries and used by people in many ways. The cooperatives are formed to secure low cost credit, to purchase supplies and equipment for farming and household needs, to market products, even to secure many services, like electric power, irrigation, health, and insurance. Cooperatives can be used in many ways to benefit people in the everyday needs of life. The meaning of cooperation is that isolated and powerless individuals can, by combining with one another, achieve advantages available to the rich and the powerful so that they may advance not only materially but also morally. In other words a cooperative is a business organization that is owned by those who use its services, the control of which rests equally with all the members. It is voluntary

and democratic and the moral element is as important as the material one. Furthermore, it recognizes social, educational, and community values. It is easier to understand the concept of the cooperative by knowing its specific objectives. They can be summed as follows:

- 1) They aim to provide goods and services.
- 2) They aim to eliminate the unnecessary profits of middlemen in trade and commerce.
- 3) They seek to prevent the exploitation of the weaker members of society.
- 4) They aim to protect the rights of people both as producers and consumers.
- 5) They promote mutual understanding and education among their members and people in general.

Indian society has been following co-operative principles and living in co-operation for a very long time. Our joint Family system which cherishes the principle of mutual help and assistance and collective cultivation, is the example of living in co-operation. Here the members live as co-operative with each other and appreciate as well as tolerate each other's viewpoint. They share the profits as well as the losses. Our panchayat system was the basis of our judicial and social system. It was with the help of panchayats that all panchayat, though sometimes not very much acceptable to both the parties, were accepted gladly. The panchayats also tried to morally uplift the people.

While tracing the history of co-operation in ancient India; Srivastav G.P. says, historically speaking "Kula" was the first form of co-operative activity became the basis of ancient Indian Joint Family system.

Grama Sabhas in ancient India were nothing else but co-operative organizations which looked after social, economic and moral development of the village wells, lights and streets. Some of these sabhas worked as guilds and purchased, stored and sold items of production, tools seeds and equipments needed for day to day use in the village.

During the post Vedic era Shreni development, it was a multifarious organization which acted both as banker and merchant guild and worked on co-operative basis to look after the welfare of workers, merchant's traders and other categories of people. Quite it performed charitable functions as well.

The Modern Co-operative movement is organized for as a world movement emerged in the middle of the 19<sup>th</sup> Century. When men and women combined to find out an alternative to replace the exploitative tendencies and cut throat competition unleashed by industrial revolution. As a result against the new capitalistic order based on the doctrine of individualism, socialist ideas began to develop in this period. Robert Owen, Kari Mark and other opposed capitalism and competitive system. They opposed capitalism not only on the grounds of its injustice and inefficiency but also because of its ill- effect on human character and helplessness. They sought to create a new social moral world

favorable to the promotion of good character and human happiness.

The co-operative form of business organization originated in England amongst the industrial workers in the mid-nineteenth century. Cooperatives started as an urban consumer stores but soon spread to rural areas amongst farmers. Workers had nothing to sell but their labor, as it was a buyers' market. Those who failed to find work in the factories were forced either to rely on insufficient rural assistance, or to starve. By the early 1800s, food prices were artificially high and wages were being reduced, while much of the population suffered extreme poverty and scarcity. During the latter part of the nineteenth century, the concept enhanced several parts of Europe and North America. The earliest co-operative were established among the weavers, workers in cottage industries, who were suffered by moneylenders and mercantile economy during the industrial revolution.

The real co-operative movement can be credited to Rochdale Pioneers who established the co-operative consumer store in North England, which can be called as the first in the co-operative consumer movement. Following activist of cooperative movement play important role in developing this from 19<sup>th</sup> century to present age.

1) **Robert Owen (1771-1858):-** Robert Owen was born in Newtown, a small market town in Montgomeryshire, Wales, on 14 May 1771. Owen received little formal education. He left school at the age of ten and was apprenticed to a Stamford, Lincolnshire, draper for four years. He also worked in London draper shops as a teenager. Around the age of eighteen, Owen moved to Manchester, where he spent the next twelve years of his life.

Robert Owen is generally regarded as the father of the modern co-operative movement with the workers of Bellers, His ideas put together have been named "doctrine of circumstances." Owen started his practice work by introducing reforms in his own factory. Following measure used by him to improve the conditions of workers:

- 1) He reduced the hours of work
- 2) Increase wages
- 3) Abolished child labor
- 4) Provide housing colonies and aid many other things in order to improve the conditions of workers.

These reforms although increased the production and profit of the factory. He wrote that "the competitions must be replaced by co-operation". Owen raised the demand for an eight-hour day in 1810, and instituted the policy at New Lanark. By 1817 he had formulated the goal of the eight-hour workday and coined the slogan: "**Eight hours labor, Eight hours recreation, Eight hours rest.**"

2) **William King (17 April 1786 – 19 October 1865):-** Was a British physician and philanthropist from Brighton. He is best known as an early supporter of the Cooperative Movement.

By 1827, Robert Owen had taken his ideas of a co-operative movement

to the United States. But they were picked up and amplified by Dr. King. King founded a cooperative store in Brighton. Then in 1828 he started a paper, 'The Co-operator' to promote these ideas. *The Co-operator* had a wide circulation and a great influence in the emerging movement. Though only published for slightly over two years, the paper served to educate and unify otherwise scattered groups. King's articles in the paper gave the movement some philosophical and practical basis that it had lacked before.

William King was one of the important pioneer who helped a lot in building up co-operative ideology. He advocated smaller institutions to be organized on the co-operative basis. Most of the co-operative societies were founded under Kings influence.

3) **Franz Hermann Schulze-Delitzsch**: was a German politician and economist. He was responsible for the organizing of the world's first credit unions. He was also co-founder of the German Progress Party. In 1859 the more than 200 such banks were centrally organized under the direction of Schulze-Delitzsch. He promoted the first co-operative meeting, in Weimar and founded a central bureau of co-operative societies. In 1861 he again entered the Prussian Chamber, and became a prominent member of the Progressist party. In 1863 he devoted the chief portion of a testimonial, amounting to £7500, to the maintenance of his co-operative institutions and offices.

With the legislation in place, his life's work was complete; he had placed the advantages of capital and co-operation within the reach of struggling tradesmen throughout Germany.

His work was noteworthy enough to attain mention in **Leo Tolstoy's** novel, **Anna Karenina**.

4) **Friedrich Wilhelm Heinrich Raiffeisen** : Wilhelm Heinrich Raiffeisen born in Heddesdorf, Raiffeisen. The number of his banks grew rapidly and in 1859, he called a congress of his banks which resolved to set-up the General Union of German Industrial Societies. He remained its Director till death. He also secured the "First Co-operative Law" from Prussia in 1867, which was made applicable to the whole Germany in 1889.

Raiffeisen is one person to whom the co-operative movement owes the maximum. As a Mayer of Wyerbusch, he came across with the poverty-stricken peasants and greedy moneylenders. There were near famine conditions, he got some grain on loan from the government, but he met the difficulties of transport and he motivated the people to harness the grain sledges to their villages. He constituted a poor people's committee which distributed food on credit to the really deserving people. The committee also made recoveries of loans after a specific period. After his transfer to Flammersfeld commune, he organized the "Union in Aid of Impoverished Farmers" in 1849, in which the needy farmers joined as members. At Heddesderf, Raiffeisen orgained the "Heddesderf Beneficent Society", this society joined by well to do persons and each of them deposited some money on interest. He made the beneficiaries also as members of the society and gave it a new name- "Hedderdorf Credit Union". The phrase "each for all- all for each" was coined. Principles of honorary

service and unlimited liability were also worked out. The seed thus sown by of honorary service and unlimited liability were also worked out. The seed thus sown by Raiffeisen began to take root and in a short time new credit unions were formed. In 1877, "The General Union of Rural Co-operative Societies" which was known as the "Raiffeisen Union" was also set up.

5) **Horace Plunkett:** was an Anglo-Irish agricultural reformer, pioneer of agricultural cooperatives, Unionist, supporter of Home Rule, Irish Senator and author. Horace Plunkett was an extremely popular leader of the masses, elected as a member of the Parliament in 1892, inspired by the consumer's co-operative movement of England. He introduced the co-operative method of work to the Irish people, as measure to remove their poverty. He developed his philosophy into the application of co-operative to business, living as well as farming. His slogan of "Better farming, Better business and Better living" soon became a motto for the co-operative movement all over the world. He organized a number of co-operative stores which met with varying degrees of success. His main work, however, was on the agricultural side and he established the Irish Agricultural Organization Society (I.A.O.S.) in 1894, of which he became the first president. He also presided over the Recess Committee on whose recommendation in 1896, the agricultural department was set up in Ireland. His co-operative thoughts represented in "Ireland in the New Century" and "Noblesse Oblige". Horace Plunkett and his friends organized the co-op. creamery in 1889. As well as, new type of society's viz. agricultural manure, co-op. stores and credit societies also grew up during this period.

6) **Luigi Luzzatti:-** Was an Italian financier, political economist, social philosopher and jurist. He served as the 20th Prime Minister of Italy between 1910 and 1911. He was the first Venetian and second Jewish Prime Minister of Italy after Alessandro Fortis, although his predecessor Sidney Sonnino was of partial Jewish ancestry.

In Italy, one was Luigi Luzzati and second was Dr. Leone Wollemburg Pioneer in co-operative movement. They began to think of ways and means to improve the conditions of the people who were suffering in poverty. Luzzati was a professor of economics in an educational institute at Milan. He studied the literature on co-operation and impressed by its theory. He went to Germany to study the practical aspects of the co-operative movement. He was particularly interested in the Schulze system of co-operative credit, by that time the Schulze had become 15 years old. He became fully convinced that co-operation could go a long way in relieving the poor classes of the unhealthy influences of the money lenders.

7) **Hans Christian Sonne:** Co-operative movement in Denmark was introduced by H.C. Sonne, a special worker. He was impressed by the successful example of consumer's co-operative societies of England by Rochdale pioneers. He convinced a number of persons to form 1886, 'Thisted Workers Society' was established. Mr. Sonne worked so hard to make this society a success that soon he came to be known as 'Provisions Person'. The work of the society was carried with the principles formulated by Rochdale pioneers. In 1871,



the number of such societies rose to 86 and in 1874 to 119. It was an important feature of the Danish co-operation that, the consumer's movement is largely rural in nature and it is closely connected with the agricultural movement. The rural stores have got a majority in the wholesale society.

The general trend of amalgamations, which is witnessed all over the World, is also found in the Danish Consumer's Co-operative Movement. In September 1966, the Congress of Consumer's Co-operatives held at Copenhagen decided to carry on the process of amalgamation, till all the Consumer's Societies are amalgamated into "Denmark's Consumer Society".

**8) Dr. Sun Yet Sen: (12 November 1866 – 12 March 1925):-** Dr. Sun Yet Sen, the founder of Chinese Republic, gave a lead to the cooperative movement. After reigns the government job immediately he gave preference to set out to eradicate poverty of the people by organizing the co-operative movement. In 199, with his efforts he established hanghai National Co-operative Savings Bank . In the three years that followed a number of credit societies were set up in rural areas. The movement, however, got a incentive from the severe drought of 1922 which led to a general failure of crops and famine. In 1922 the International Famine Relief Commission was set up in China and it submitted its report in 1924, in which it recommended the introduced of the co-operative movement as a measure of improving the economic conditions of the people. Thereafter, the provincial governments also began to take interest in the movement and appointed the necessary staff for organizing and supervising societies. These societies received financial assistance from the Farmer's Bank or Commercial Banks. In 1927, a co-operative union was set up to encourage the development of the movement. Co-operative movement, which was introduced after the famine, was rapidly developed after the floods in river Xangtse in 1931 about 20,000 societies were hurriedly formed and loans were advanced to the affected people.

**9) Padmashree Vithalrao Eknath Rao Vikhe Patil :-** Vithalrao Eknath Rao Vikhe Patil was an Indian industrialist, the founder of the first sugar factory in the cooperative sector in India at Loni, in Maharashtra and the founder of a group of industries and institutions composed of Institute of Business Management and Rural Development, Padmashri Dr. Vithalrao Vikhe Patil Foundation's Medical College and Hospital and Padmashri Dr. Vitthalrao Vikhe Patil Sahakari Sakhar Karkhana Limited, operating under Padmashree Dr. Vithalrao Foundation. The Government of India honored him in 1961 with the award of Padma Shri, the fourth highest Indian civilian award for his services to the nation. His son, Balasaheb Vikhe Patil, is a recipient of Padma Bhushan, a member of parliament and a former minister. Asia's first cooperative sugar factory was established at Pravaranagar in the Ahmednagar District of the then Bombay state in 1950 by Vithalrao Vikhe Patil and economist Dhananjayrao Gadgil.

Today there are many Cooperative Societies and also busienese farms which work in each and every sector of economy. Robert Owen the father

of cooperative movement. He established self-contained semi-agricultural, semi-industrial communities. Owen was sure that working-class people, given the right environment, possibly will form co-operative communities. Dr. William King helped to spread Owen's doctrine; his ideas were more reasonable than Owen's and achieved more results. In France Charles Fourier published a *Treatise on Domestic Agricultural Association* in 1822, first time on co-operation and Saint Simon worked on various theories of associations. Schulze-Delitzsch was the promoter of urban co-operatives and co-operatives in handicrafts, while F.W. Raiffeisen did the same for rural credit co-operatives.

Early in the twentieth century, the cooperative movement spread to India and gradually to other Asian and African countries; mainly courtesy of the colonial administrators. The co-operative movement became a form of business organization recognized as an international movement. Although some associate it with socialist or communist countries. An Indian Registrar of Co-operatives appropriately described the co-operative movement as representing: ... a happy mean between the forces of extreme individualism on the one hand and socialism and communism on the other. It stands for individual rights tempered by considerations of justice, equity and fair dealing as between man and man, and its one great aim is to prevent the exploitation of the weaker by the stronger party.

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