



CO-OPERATIVES GROWTH FROM PRE-INDEPENDENCE TO POST INDEPENDENCE PERIOD IN JAMMU AND KASHMIR

Neha Bandral¹

¹Ph.D Research Scholar, Department of Economics, University of Jammu, Jammu and Kashmir, India

ABSTRACT

Co-operatives in agriculture plays a vital role in fostering rural development not only in developing countries like India but also in advanced economies, during and after, the industrialization period is now well recognized. It was introduced in India mainly as a defensive organization for dealing with problems of rural indebtedness. It can be seen as an effective and equitable way of improving condition of rural people . It covers almost all percent villages in India. It have emerged to be third sector of Indian economy in addition to public and private sector. The Co-operative form of organization is the ideal organization for economically weaker section of the society. The development of agriculture, credit and agro-processing, storage, marketing, dairy and housing sectors without Co-operatives is difficult. Its role in poverty alleviation, food security and employment is not ignored. The present paper throws light in the growth process of Co-operatives in the state of Jammu and Kashmir.

KEYWORDS: Co-operatives, Growth, PACs, Agriculture, Food security, farm credit

INTRODUCTION

Agriculture is the main stay of the economy of the Jammu and Kashmir, more than 65percent of the state population depends on agriculture. The state contributes 0.6percent (FY2011) in the total Food grain production of India. Its contribution in production of apples at all India level is 77.2percent. Overall economic upliftment of the state is closely related to the flourishing agriculture. Excessive dependence on agriculture and lack of diversified economic structure are the characteristic features of the economy of Jammu and Kashmir.

In spite for ensuring inclusive growth and providing Food security, the contribution of Agriculture towards Gross State Domestic Product (GSDP) is gradually decreasing. The estimated percentage contribution of Agriculture & allied sector was 21.19 percent in 2011- 12,

against the corresponding share of 28.06percent, registered in 2004-05 at constant prices. The Growth rate in this sector, particularly in the crop sub sector is on decline. Growth in Agriculture & allied sectors during 10th Five Year Plan was recorded as 2.24percent and Growth rate of 2.16percent against a target of 4percent has been achieved in 11th Five Year Plan period. The decline in growth rate is attributed to low productivity, lack of adequate, Agricultural research, low seed replacement rate, yield stagnation, lack of adequate irrigation facility and near about 94percent of the holdings fall in the size class of less than 2 hectares and around 81.5percent in less than 1 hectare. Along with these reasons the agrarian economy of Jammu and Kashmir has been facing the problem of farm credit.

The Credit is required for both productive and non-productive business needs of the cultivators. They

required credit mainly to purchase new inputs, implements, to do improvements in land, to deal with risk management, for marketing their products. In short, it means credit is significant for the development of agriculture. Depending upon the purpose for which credit is required, it is classified in three types: short term mainly used for buying seeds, fodder, inputs etc. Others are medium and long term credit which is required by farmer for buying cattle, for making some improvement on land, and later is demanded for the purpose of buying additional land, to make permanent improvements on land, to pay off debt and to purchase costly agricultural machinery etc. The time includes more than 5 years.

Sources of Rural Credit in the economy of Jammu and Kashmir are institutional and non-institutional. Non-institutional sources includes money-lenders, traders and commissions agents, relatives and landlords while institutional sources includes public sector banks, Commercial banks, Co-operatives and Regional rural banks. According to the findings of the All India Debt and Investment Survey 1961-62 in J&K during same year Govt. supply nil amount of credit, Cooperatives Contributed 11.4percent, Commercial bank' share was 0.2 percent , Professional moneylenders grant 4.6 percent, Agricultural moneylenders 's share was 7.0percent, Trade and Commission agents have 18.8percent, Relatives and other sources contributed 15.2percent and 42.9percent. It is easily interpreted that at that time non-institutional sources were dominant by supplying 88.4percent rural credit and rest is supplied by institutional sources. By gradually with the passage of time this situation was going to be reverse. In 1971 the share of Non-institutional credit was 80percent and institutional credit was 20percent. But, in 2002 the share of institutional credit was 73percent and just 27percent credit supply by Non-institutional sources in Jammu and Kashmir.

The Present study highlights the growth and challenges faced by the Co-operatives in the State. Because Co-operatives are the major source for providing credit for the agriculture purposes.

Co-operative societies are a form of voluntary organization that is widely prevalent in the developing countries like India. It may be defined as the association of persons for achieving a common goal, working together for the common objective. It refers to the joint efforts of all the members of the Associations.

DEFINITIONS

Co-operatives are defined as "An autonomous association of persons united voluntarily to meet their common Economic, Social, and Cultural needs and

Aspirations through a jointly owned and democratically controlled enterprise".

Mr.C.R.CAY defined a Co-operative Society as "an organization among the weak and conducted always in an unselfish spirit on such terms that all who are prepared to assume the duties of membership may share its rewards in proportion to the degree in which they make use of the association".

BRIEF HISTORY OF CO-OPERATIVES IN JAMMU AND KASHMIR

The entire economy of Jammu and Kashmir is influenced by the production of agriculture and agro-based industries. For bringing all round development in the state, it is very much required that, the agriculturists people of the State should be provided sufficient credit facilities for the purchase of fertilizers, improved seeds and other modern agricultural implements. The development of cooperative societies serve two main purpose - advancing loans and making the agriculture free from the clutches of mahajans.

At National level, the first Co-operative legislation was enacted in the shape of the Co-operative Credit Societies Act, 1904 and subsequently Co-operative Societies Act, 1912, was also enacted, but these laws were not applicable to State of Jammu and Kashmir. Based on these legislations, J&K Cooperative Societies Act of 1913, became first law on the cooperative movement in the State. The legal framework was further updated in 1936, 1960 and 1989.

The credit of the introduction of Co-operative societies development goes to Maharaja Pratap Singh. In 1912-13 Maharaja Pratap Singh, the then ruler of Jammu and Kashmir state, prepared a plan for the development of the Co-operatives in the state. During the year 1912-13, 93 agricultural cooperative societies were in different parts of the Jammu Division. The whole organization was under the charge of an officer specially trained for the purposes in the Punjab, aided by two assistants who were called sub-inspector. The third sub-inspector was also appointed by the managing committee of the central bank to assist in the day to day work. The capital subscribed by the zamindars by the way of share capital was Rs 5000 and the state help was limited to Rs 24000 only.

Co-operative movement in Jammu and Kashmir was mainly introduced to protect the poor farmers from the exploitation by village money lenders and provide them with better financial facilities which may help in increasing the agricultural production of Jammu and Kashmir.

OBJECTIVES OF THE STUDY

1. To review the historical growth of Co-operatives in the J&K Pre and Post independence period.
2. To find out the trend of Co-operatives in the state of Jammu and Kashmir.

RESEARCH METHODOLOGY

Major part of the study depends on secondary sources. But information has also been obtained from primary sources which include interviews, comments, observations, opinion, notes, etc. of the persons concerned with the Co-operative Societies. The primary information was also gathered through discussion with the Registrar of Co-operatives (J&K), Officers of Directorate of Agricultural Deptt. etc. Materials for the present study has been collected from various Government published and unpublished reports, Agricultural Census of J&K, Registrar Co-operatives, J&K, J&K Digest of Statistics Report, Economic Survey J&K, Financial Commissioner Revenue J&K. Other sources of information such as Magazines, Journals, Newspaper, Research Papers etc. are also used.

LIMITATIONS OF THE STUDY

The present study suffers from various limitations. The study is based on secondary sources which reduces its degree of reliability. Most of the departments neither update their information. It was difficult to collect all the necessary data.

CO-OPERATIVES GROWTH IN THE STATE DURING PRE-INDEPENDENCE PERIOD

The Co-operative movement were introduced in the state of Jammu and Kashmir is to help the agriculturists, so that more emphasis was laid on the development of agricultural cooperatives to advance loans to farmers. In the period of 1913-14, the number of agricultural Societies were 93, which has been increased to 338 in 1915-16 with a working capital of Rs 246484. Out of these 122 Societies were established in Jammu region. The total working capital of the Societies including a bank working under Co-operative Sector i.e Central Bank, was Rs 3,01,311 during 1915-16. In 1917-18, 422 new Societies were organized. The village Societies witnessed increase in their working capital to the Rs 662391 with working capital of the Central bank was also increase to Rs 445759. In 1918-19, the Societies increased to 648. During this same period, new three industrial Co-operative Societies were set up . Before the period of 1947, it was realized that Co-operatives proved fruitful in advancing finance to the agriculturists so that it was known as Credit Co-operative movement. These Societies had to face

competition with the money lenders who were not only providing agriculture credit to farmers but also running shops in the villages for providing daily and necessary goods of life. The Co-operative Credit Societies was merely a Credit Societies, they fulfill only credit needs of the farmers and let the farmers depend on money lenders for their other requirements. In this way, the Societies failed to save the farmers from the exploitation of the money lenders. To protect the farmers, during this period, in addition to Credit Societies particularly consumers Co-operative Societies and Co-operative consolidation of holding Societies were set up in Jammu and Kashmir State. During the second world war period Consumer Cooperative Societies were encouraged to keep the check on unwanted rise in the price of many articles and removing many malpractices from the market. Through these Co-operatives stores goods were sold to private shop-keepers under the directions of the Food Control Department. In order to increase the productivity of land, many farmers approaches the Maharaja Pratap Singh for getting help in their scattered lands consolidated with the help of Co-operative consolidation of holding Societies. 43,145 acres of land was consolidated before 1947 in the state through these Co-operative Societies . Before 1947, the Cooperative movement covered both agricultural and non- agricultural activities.

CO-OPERATIVES GROWTH IN THE POST-INDEPENDENCE PERIOD

Co-operative movement get a severe setback after the 1947 due to the illegal occupation of some of the area of the state by Pakistan. The business activities of the many of Societies working in the area of the Actual line of control very much affected. During that period of time, many of the people migrated to Pakistan without clearing the dues of the Co-operative Societies. Due to the non-repayment of dues, there caused loss of capital and membership to the Credit Societies. In addition to de officialise, several other measures were also adopted in order to revitalize the Co-operative movement in the state.

A Cooperative Council was appointed to guide the Cooperative movement and suggest measures for strengthening the Co-operatives. The Co-operative Council was constituted by the elected representatives from amongst the Co-operators of each revenue districts. Consumer Co-operatives stores in the state were also set up in the as a temporary measures on the advice of Cooperative Council. Later on this stores came into existence under the centrally, sponsored scheme of consumer cooperation. To develop the cottage industries in the state, major development done in the form of

organization of the industrial cooperatives. In order to rehabilitate the workers who were unemployed during that period, government came forward to help them through cooperative societies for carpet weaving *pashmina* and embroidery, *chain stich*, *tarpentary*, *wood caring papier machine* and *gabba* Co-operatives.

Agricultural development considered pre-requisite for the economic prosperity of the state after independence. Farmers were poor and ill-equipped, illiterate. The small and scattered holdings of the cultivators also defied the use of technological improvement and other modern methods of cultivation. Co-operative Farming Societies were considered as an effective organization to modernize and commercialize agriculture. First Cooperative Farming Society was set up in the state in the period of 1948 at Gopalpura, about 7 miles from Srinagar. Another farming society was organized in Agra check. In Jammu Province, one more Cooperative Farming Society were set up at Gangyal in the Jammu Province raising the total number of societies to three. Most of the societies that were established during

this period were single purpose Societies and were single purpose Societies and were largely confined to the supply of credit. The depression of 1930 affects almost the entire Co-operative movement in the country and the Jammu and Kashmir as well. The main reason was analyzed to get set back in Jammu and Kashmir was its sole involvement in credit activities and exclusion of all others activities. In order to strengthen the Cooperative movement again, the need was realized of multi-purpose Cooperative Societies in 1947. In rural areas, agriculture multi-purpose Co-operative Societies, were set up which were organized by the agriculturists and non-agricultural multi-purpose Cooperative Societies organized by the traders and businessman were located in the urban areas.

In Jammu and Kashmir, the multi-purpose Co-operative Societies were started during the year 1948-49 to help the farmers. The total paid up share capital of these Societies in the state was Rs 214998 and Rs 34358 in Kashmir and Jammu regions. These Societies helped the displaced people.

Table No.1 Business handled by multi- purpose Cooperative Societies during 1949-50

Name of Commodity	Populated catered	Lifted Quota	Value in Rupees	Distributed quality	Value in Rupees
Cloth	15,55,917	89,52,742(yards)	861454	8931973	6699979
Edible oil	2,13,659	9,192 (mds)	7,38,431	9192	738431
Kerosene	5,45,148	52,526 (tins)	70,089	49714	695996
Sugar	1,66,477	44,996 (mds)	23,37,191	44924	2336047
Salt	145,118	2,46,141(mds)	36,92,562	246140	3082549

Source: The annual administration report of Jammu and Kashmir 1949- 50, The Govt. of Jammu and Kashmir, Srinagar, P. 142

Before 1947 only credit societies were working in J&K, but after 1947. The Registrar cooperative societies J&K introduced the system of linking marketing with credit for that the development of marketing societies was undertaken on the recommendations of the All India Rural credit Survey Committee. People who owes money in the society were required to sell their produce through Co-operative Marketing Societies. Only credit but an assured price for the producers also necessary in order to encourage agricultural production. This is possible by

marketing the produce through Co-operatives. Some of the Marketing Societies are also engaged in the supply of basic consumer goods and agricultural requirements. It was only after 1953 that the co-operative movement was strengthened to provide an organizational basis for the rapid development of Jammu and Kashmir economy. The year 1953, some of the new activities were added to the cooperatives field. Most of the Co-operative Societies which were started earlier were strengthened during this period.

Following tables explain the growth process of Co-operatives in Jammu and Kashmir

Table No. 2 Co-operatives in J&K (1990-91 to 2010-11)

S.No	Year	No. of Societies	Membership (In Lakhs)	Working Capital Rs. In Lakhs)
1.	1999-91	1484	7.21	8420.67
2.	2000-01	1360	7.74	12507.71
3.	2010-11	1887	5.97	6022.59
4.	2012-13	1897	5.89	6442.47

Source: Registrar Co-operatives Societies J&K.

It is clearly mentioned in the table no. 2 that total number of Co-operatives in the state was 1484 in the period of 1999-91 along with 7.21 lakh membership and working capital 8430.67 lakh which increased to 1897 in 2012-13.

Table No. 3 Primary Co-operatives in J&K (1990-91 to 2010-11)

S. No	Year	No. of Societies	Membership (In Lakhs)	Working Capital Rs. In Lakhs)
1.	1999-91	1081	5.25	3768.63
2.	2000-01	755	4.66	2732.37
3.	2010-11	758	4.78	3263.72

Source: Registrar Co-operatives Societies J&K

Primary Co-operatives in the state is 765 in 2010-11 with membership 4.78 lakh and working capital 3263.72 lakh.

Table No. 4 Marketing Societies in J&K (1990-91 to 2010-11)

S. No	Year	No. of Societies	Membership (In Lakhs)	Working Capital (Rs. In Lakhs)
1.	1999-91	109	0.59	3188.15
2.	2000-01	110	0.33	1775.22
3.	2010-11	111	0.10	2359.00

Source: Registrar Co-operatives Societies J&K

The number of marketing societies has increased from 109 in 1999-91 to 111 in 2010-11.

Table No. 5 Fruit Grower Co-operative Marketing Societies (1990-91 to 2010-11)

S. No	Year	No. of Societies	Membership	Fruit Marketed (lakh tonnes)
1.	1999-91	195	16410	0.01
2.	2000-01	256	18952	1.002
3.	2010-11	258	18796	0.224

Source: Registrar Co-operatives Societies J&K

The fruit grower co-operatives marketing in the state has increased from 195 in 1999-91 with membership 16410, 0.01 lakh tonnes fruit marketed, which has been increased to 258 in 2010-11, with membership 18796 and 0.224 lakh tonnes fruit marketed.

RESULTS AND DISCUSSION

It is analyzed from the study that right from the inception of Co-operatives in the state, the pace of Co-operative 's growth is so sluggish. During the passage of time, no doubt the number of Co-operatives has increased, but the recent years shows that these are less widespread among the people of Jammu and Kashmir. This paper does not provide final conclusion, it invites a discussion for the further researcher in order to investigate the reasons for less importance of Co-operatives for the people.

CONCLUSION

Co-operatives plays an important role for financing agricultural purposes in the state. It is an association of persons striving for common goal. The agrarian economy of J&K suffered from low farm credit.

In order to provide farm credit, Co-operative 's significance cannot be ignored. By analyzing the study it is anticipated that there occurs subsequent growth of Co-operative societies in the state after independence in the year 2010-11 there number has been increased to 1887.

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