

Co-operative Movement in Jammu and Kashmir

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Abstract

This paper is an attempt to study the Co-operative movement in J&K and also focuses on the success stories of the state. The credit of introduction and development of Co-operatives in Jammu and Kashmir State goes to Maharaja Partap Singh when in 1912-13 he prepared a plan for the development of the co-operatives. During the 1913-14, 93 agricultural Cooperative Societies were organized in different parts of the state. The Co-operative movement in J & K developed to help the agriculturalist and, therefore, more emphasis was laid on the development of agricultural Co-operatives to advance loan to the farmers. The State of Jammu and Kashmir followed the principles of Rochdale Pioneers that included primary principles like open membership, democratic control, dividend in proportion to patronage, and limited return on Share capital; and secondary principles like cash transactions, political and religious neutrality and encouragement to Co-operative education and Co-operative expansion.

Keywords: Co-operatives, Co-operative Movement and Development.

Co-operatives had always been a way of life of the people of Jammu and Kashmir. Co-operation and mutual help remained an integral part of cultural, social and many of the agricultural activities like sowing, transplanting paddy, harvesting, threshing of crops, cutting of hay and cleaning of *Khuls* (irrigation rivulets). It is significant to mention that the credit introduction and development of Co-operatives in Jammu and Kashmir State goes back to the reign of Maharaja Partap Singh. In 1912-13 Maharaja Partap Singh, the then ruler of the state, prepared plan for the development of the co-operatives. During 1913-14, 93 agricultural co-operatives Societies were organized in different parts of the state. The salient features of the Co-operative Societies formed in Jammu and Kashmir State in the beginning were as follows:

1. Few persons (not less than ten) living in the same village or town or belonging to the same class or tribe, get a co-operative credit society registered for the encouragement of and self help themselves.
2. The main objectives of the society were to raise funds by deposits from members and loans from the government and distribute the money thus obtained as loans to members.
3. The organization and control of Co-operative Credit Societies was put under the charge of government officials.

4. The accounts of the Societies were audited free of charge by officer-in-charge or by the assistant inspector.
5. There was no restriction on acquiring membership of the society, provided a person is not disqualified in accordance with the bye-laws of the society.
6. The liability of the members of the Society was unlimited except with special permission of the officer-in-charge.
7. No dividends were paid from the profit of a society. The profits were carried to the reserve fund, although a bonus was allowed to be distributed in case the funds had grown beyond a certain limit fixed under the law.
8. Loans were allowed only to members.
9. The Societies were exempted from fees payable under the stamp, registration and income tax.

The State of Jammu and Kashmir followed the principles of Rochdale Pioneer like;

Primary Principles

1. Open Membership;
2. Democratic control;
3. Dividend in proportion to patronage; and
4. Limited return on Share capital.

Secondary Principles

1. Cash transactions;
2. Political and religious neutrality and
3. Encouragement to Co-operative education and Co-operative expansion.

Position of Co-operative Movement Before 1947

The Co-operative movement was developing in the state to help the agriculturalist and, therefore, more emphasis was laid on the development of agricultural Co-operatives to advance loan to the farmers. The number of Agricultural Co-operative Societies increased from 93 in 1912-13 to 328 in 1915-16 with a working capital of Rs. 246,487. Out of these Societies, 122 Societies were established in Jammu region. The total working capital of the Societies including a bank working under Co-operative sector viz Central Bank, was Rs. 301, 311 during 1915-16. In 1917-18, 422 new Societies were organized. The village Societies witnessed an increased in their working capital to the tune of Rs, 6, 62,391.

In 1918-19, the number of Societies increased by 15 making the total number of Societies to 648. For the first time three industrial Co-operative Societies were set up during this year. With this, the extension from agricultural to industrial sector was set in motion. It may be stated that before 1947, the Co-operative movement played a pertinent role in extending finance to agriculturalists. However, before 1947, the Co-operative movement was predominantly a credit movement. It was facing competition with the moneylenders who were not only providing credit to agriculturalists but also running shops in the villages, providing agricultural wherewithal and goods of daily necessities of life.

Thus, it was easy for them to keep the cultivators under their influence. On the other hand, the Co-operative credit Societies provided only partial credit needs and left the peasants at the

mercy of the local money lenders-cum-traders to meet their requirements. In short, the Societies failed to protect the money-lenders from the exploitation of the money-lenders. To keep pace with time, in addition to credit Societies many non-credit Societies particularly Consumer Co-operative Societies and Co-operatives consolidation of holding Societies were set up during this period.

Co-operative Movement after Independence

Consequent upon the invasion of the state by Pakistan in 1947, some areas of the state went under the illegal occupation of Pakistan, and the co-operative movement received a severe setback. Many members of the Societies working in the areas adjacent to the actual line of control discontinued their business activities. In wake of hostilities many people migrated to Pakistan without clearing the dues of Co-operative Societies. This caused loss of capital and membership to the Credit Societies and accumulation of overdue. In order to revitalize the Co-operative movement several measures were adopted. As a first step Co-operative Council was constituted by the elected representatives from amongst the Co-operators of each Revenue district, pending finalization of election rules. The leading Co-operators were nominated by the government on the interim Co-operative Councils. The registrar was the ex-officio Chairman of the council. The second step was setting up of the Consumer's stores in the state as temporary measure. This helped in ensuring the steady supply of goods at stabilized prices. Later on the stores came into existence under the centrally sponsored scheme of Consumers Co-operation.

Another important development during this period was organization of the Industrial Co-operatives to develop the cottage industries and help in the economic development in the state. Through co-operative Societies for Carpet weaving, Pashmina weaving and embroidery, chain stitch, tapestry, wood carving and Gabbah production the Government rehabilitated unemployed artisans. It was also realized during this period that agricultural development is a prerequisite for the economic prosperity of the state. As the farmers were poor and ill equipped, they needed an organization to guide and help them. The small and scattered holding of the cultivators also defied the application of technological improvement and the extension of other modern methods of cultivation, reorganization of this sector called for the establishment of the Co-operative Farming Societies.

In the state of Jammu and Kashmir Co-operative farming is considered as an effective organization to modernize and commercialize agriculture, as through its social and economic merits it can affect a breakthrough in the agricultural field. A beginning was made in this direction when the first Co-operative Farming Society was established in 1948 at Gopalpura, about 7 miles from Srinagar. Another Farming Society was established in Agra Chak. Later on, a Co-operative farming Society was started in Gagrial in Jammu District raising the total number of Societies to three.

It was in 1950-1951 i.e. during the regime of Sheikh Abdullah, the then Prime Minister of J&K that the tehsil level Co-operatives were established with the help of recognized Co-operative department. Virtually Mirza Mohmad Afzal Beg (Revenue Minister) established tehsil Co-operative stores having retail shops throughout the rural areas to provide relief to farmers and other weaker sections in concerned areas.

During the green revolution (1967-1968), the Co-operative Movement of J&K further got unexpected impetus, when distribution of chemical fertilizers, seeds of high yielding varieties of

rice and wheat, pesticides was assigned to this movement. To make green revolution more speedy, modern kind of implements were also provided to farmers by the Co-operative societies. Thus, barring few areas the Co-operative movement spread like wildfire to all the remote areas of the state. This movement was also made applicable to horticulture, dairy, handloom etc. As a result production of farm and other sectors enhanced largely. To dispose of the farm produce, the necessity of marketing was felt, here too Co-operative movement came to farmer's rescue.

In order to eliminate the vested interests in the Co-operative Movement, amendments to the Co-operative Laws were made during 1972 to limit the term of members of managing committees. Representation of Backward Classes was also provided for and restrictions were imposed as regards the number of Societies in respect of which one person would be an office bearer. In order to remove the administrative weaknesses in the Co-operative movement it was decided to form common cadre of Accountants and a beginning was made in 1973-74. Similarly a common cadre of management for the Co-operative Banks was formed in 1973-74.

The Co-operative movement made a steady progress from 1950-51 to 1975-76. During these 25 years, the membership of Co-operative Societies increased from 1.49 lakhs to 4.23 lakhs. The progress was little slow in the 50's but picked up in 1960-61. Between 1960-61 to 1965-66, the membership increased from 2.71 lakhs to 3.12 lakhs. It went up further to 3.72 lakhs in 1970-71 and finally to 4.23 lakhs in 1975-76.

Although from 1950 to 1975 the Co-operative movement in J&K did a great service to the farmers not only in providing of fertilizers/other inputs but also arranged long/short term loan, it started to fall from its grace. It suffered many major setbacks in 1990-1999 to 1999-2000 due to militancy and involvement of politics in the movement. As a result, out of 562 Co-operative societies, 204 became defunct. The Co-operative movement in Jammu & Kashmir was first institutionalized in 1913. The legal framework was further updated in 1936, 1960, 1989 and 1999. In conformity with the National Policy, the state government has introduced reforms both legal and structural in the Co-operative movement from time to time. To encourage the Co-operative movement is a promise under the constitution of the state. "The Co-operative movement in the state has received due attention of the successive governments.

In view of the potential of the Co-operative movement as an effective agency for socio economic transformation of the society, the Co-operative institutions have been termed as the institutions of economic emancipations while Panchayats as the institutions for political independence. Despite the peculiar topography of the state, difficult terrain and hostile climatic conditions, the Co-operative Movement has played a yeomen's role in the service of its members in particular and the people in general. The state of J&K is one of the front runner states to enact the liberalized piece of Legislation on Co-operatives based on the recommendations of Chaudhary Bham Prakash -The Act known as J&K Self Reliant Co-operative Act of 1999, conceives of a Self Reliant, Democratic, Vibrant Co-operative Movement in the state.

The state government has initiated pragmatic steps to revive the Co-operative movement, besides, diversifying the business portfolio of the Co-operative institutions. The silver lining has definitely made us optimistic that in the days to come Co-operative movement shall be playing a vital role in the economy of the state, besides offering greater employment avenues.

Co-operative Structure in J&K

A Co-operative Society/Co-operative is essentially a business venture, which derives sanction to operate from two Legislative Acts - J&K Co-operative Societies Act 1989 and J&K Self Reliant Act, 1999. While the former aims at creating and nurturing Co-operative entities with the direct support of the State Government., the latter allows Co-operatives to grow on their own once these are registered by the competent authority. However, in case of the latter also, the amendment stands made to enable Co-operatives to receive Government aid through a Memorandum of Understanding (MOU).

During 2001-02 to 2006-07, a record number of 1329 new Co-operatives registered all over the State, particularly in poultry, dairy, and specialized areas like Engineers Co-operative, Floriculture Co-operative etc. The Cooperatives have a membership of 24,000 individuals. This includes formation of Agriculture Graduates and Engineering cooperatives as well. Discipline-wise registration of Co-operatives under J&K Self Reliant Act 1999 is given hereunder:

Table: 1

Year-wise/Discipline wise registration of Co-operatives under J&K Self Reliant Co-operative Act

Year	Agriculture	Housing	Poultry	Dairy	Floriculture	Others	Total
2001-02	14	9	1	1	-	21	46
2002-03	32	2	1	1	2	40	78
2003-04	92	11	290	77	4	50	524
2004-05	63	7	106	108	2	37	323
2005-06	134	15	8	104	4	21	286
2006-07	36	6	4	20	-	6	72
Total	371	50	410	311	12	175	1329

Source: Office of the Registrar Co-operative Societies, Jammu

At the state Level the Apex Level Co-operative Institutions are- J&K State Co-operative Bank, J&K Co-operative Union, JAKFED, J&K Co-operative Housing Corporation, J&K Co-operative Consumer Federation Ltd., J&K co-operative Land Development Bank, and Central Co-operative Bank.

Success Stories of Co-operatives in Jammu and Kashmir

1. District Ex.-Serviceman Co-operative Consumer Store Limited Udhampur

The Store was registered in 1985 .The Share Capital of the Store consists of Rs.11300/- from 111 individual members and 120000 from the Govt. The Store is in profit for the last many years and the profit during the year 2003-04 was Rs. 394246.44 /- Its annual sales are round about 30 lakhs a year. It has only two retail counters, one in Chinar complex (Army area) and one medicine shop in Distt. Hospital. The Society has started an educational school at Tikri, Block Udhampur.The Society paid dividend of Rs 12,000/-to the Govt.. The affairs of the Society are being

run by an elected board and the General Body Meetings are being held every year. The Society is functioning in smooth manner without any embezzlement or audit objection. The Society has been selected for the Co-operative Excellence Award of NCDC for the year 2004. The award was given by Hon'ble Prime Minister in a special function on 18-11-2004.³⁴

2. The Bami-Duniya Co-operative Consumer Store Leh

The name and title of Leh District Co-operative Consumer Store is, "The Bami Dunya Co-operative Consumer Store Ltd. Leh (Ladakh) " Bami Dunya in Persian means the roof of the world. This Co-operative was registered in the year 1958 It is a federation of 46 Co-operative Societies and is run by an elected managing committee. This store is the distributor of Gujarat Co-operative Milk Marketing Federation Ltd, Mother Dairy Food Processing Ltd., Seminis Vegetable Seeds India Ltd. ,Philips India Ltd. for institutional sale of Compact Florescent Lamps (CFL).

The store stocks most essential commodities for the six long winter months and regulate their sale so that there is no scarcity of any item and the market price line is also kept in check. The total capital of the store comprises of Rs. 7.29 lacs as individual share capital and its accumulated profit is Rs. 34.54 lacs. For year 2003-04, the total sale, profit earned and cost of establishment were Rs. 410.75 lacs , 17.48 lacs and Rs. 1.11 lacs respectively. It has two retail counters in Leh town and the rest of the business is done purely on wholesale basis to Co-operative Societies and private retailers. This Co-operative was awarded National Excellence Award for the year 2002 instituted by National Co-operative Development Cooperation Govt. of India.

3. Jammu and Kashmir Milk Producers' Co-operative

Jammu and Kashmir Milk Producers' Co-operative has been registered involving 5538 farmers of the State. This Co-operative has taken over the defunct Milk Plants at Chashma Shahi and Satwari and transformed them into modernized units with the technical, financial and managerial support of Gujarat Co-operative Milk Marketing Federation (GCMMF) popularly known as AMUL. At present 50,000 liters of milk is handled collectively by both the Plants.

4. The Tulmulla Ganderbal Milk Producers and Dairy Co-operatives Society Ltd

The Society was registered in the year 1982 with the main objective to eliminate the middleman between poor producers and consumers and to provide feed of good quality at reasonable rates. The Society has Share Capital of RS. 312150/- and a membership of 282 individuals and the Govt. The Society procures 2500 Lts, to 3000 Lts. of Milk per day from Srinagar District and transports it to the concerned sale outlets in the out skirts of Srinagar City with the help of the two vehicles owned by it. The assets of the Society include chilling Plant, godown and husking Mill. The Society has earned net profit of Rs. 4195/- during the year 2003- The Society has disbursed an amount of Rs. 425970/-Its business turnover during the year 2001-02 is 35.19.

5. State Engineers Co-operative Limited, Hyderpora, Srinagar

This was set up in 2003 by 12 members all of whom are Engineers. Its area of operation is the entire state of Jammu & Kashmir. The Co-operative is using its expertise in soil investigations and surveys for Railways (IRCON INTERNATIONAL LTD.) in Srinagar. The Co-operative has so far received a remuneration of Rs 45 lac for the works done and after accounting for its expenses, has

earned a net profit of Rs 9 lac. The Co-operative is expected to take up another project for Rs 2 cr. with Power Grid Corporation of India and another project from Rites Ltd. for Rs 60 lac in Udhampur District.

6. Kashmir Co-operative Printing Press being Modernized

Kashmir Co-operative Printing Press has been serving the Co-operative Institutions of the state and was earlier named as Mazdoor Co-operative Printing Press. Efforts are on to install a modern offset printing press and fully automatic Desktop Publishing System. The Press shall be meeting the requirements of the Co-operative Institutions of the state by way of offering quality service on affordable rates.

To conclude, it can be said that Co-operative development in J&K has a long history. It has begun with the initiative of the Maharaja of Jammu and Kashmir in 1912-1913 when different agricultural Societies were formed in different parts of the State. They operated largely as credit Societies with the main objective of collecting deposits from different sources, including loans from the government, and providing loan to the members. The state followed the principle of Rochdale Pioneers with emphasis on open membership, democratic control, dividend in proportion to patronage, limited return on share capital, as well as cash transactions, political and religious neutrality, and encouragement to co-operative education and expansion. Therefore, before the independence of the country focus of Co-operatives in J&K was on the development of agricultural co-operatives to advance the loan to the farmers. There was a phenomenal growth in the number of these Societies as well as a move from industrial to agricultural to industrial sector. After the independence, the industrial Co-operatives developed and entered to other industries like cottage, carpet making, wood carving etc. mainly to rehabilitate artisans. However, development in agriculture sector continued. Around 1948 Co-operative farming Societies were formed. They spread to different rural areas and several laws were formulated.

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