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Co-Operative Movement- Success or Failure in Maharashtra

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ABSTRACT: The cooperative movement in India plays a crucial role in the agricultural sector, banking and housing. Many cooperative societies, particularly in rural areas, increase political participation and are used as a stepping stone by aspiring politicians. In the initial stage co-operative movement in India stood up slowly .in 1904 British govt formed a co-operative rule on the basis of report given by Fredric Nicholson a British officer of Madras region . While the first co-operative society formed in Kaṇaginahāḷa of Gadaga district of Karnataka becoming the first co-operative of Asia. It was started by Siddanagaḷa Saṇṇa Rāmanagaḷa Pāṭila. The country has networks of cooperatives at the local, regional, state and national levels that assist in agricultural marketing. The commodities that are mostly handled are food grains, jute, cotton, sugar, milk, fruit and nuts. Support by the state government led to more than 25,000 cooperatives being set up by 1990s in Maharashtra

KEYWORDS: co-operative movement, banking, Maharashtra, India, marketing, politicians, sector, societies

I. INTRODUCTION

National level Ministry of Co-operation was established to develop the co-operative societies in India to empower the small scale producers and entrepreneurs. Several states also have own state level Ministry of Co-operation and/or statutory boards to develop co-operatives in their respective states. Cooperatives also play a great part in banking. Cooperative banks in India serve both the rural and urban societies. Just like the sugar companies, these institutions serve as the power base for local politicians.^[3] Widely known as Cooperative Housing Societies, these housing alternatives are established to help people with limited income to construct houses at reasonable costs. The function of housing cooperatives varies based on geographical and cultural context. Compared to Western and European understandings of housing cooperatives, that primarily views cooperatives as equating to collective ownership, India differs from these conceptions about how cooperative housing societies operate. Mumbai and Chennai are two areas that set the present for cooperative movements in India, influencing development in other major cities such as New Delhi, Thiruvananthapuram, and Kolkata.^[12] Despite the cooperative success and influence of these cities' in other regions, Mumbai and Chennai differ from the cities of Maharashtra and Tamil Nadu, known as areas in India that demonstrate a long history of cooperative efforts.¹

Abhyudaya Co-operative Bank Ltd is an urban multi-state Cooperative banking institution based in Maharashtra, India and operating as a co-operative bank since 1965.^[2] It has branches in Metropolitan Mumbai, Navi Mumbai, Pune, Thane, Raigad, Nagpur, Nashik, Nanded, Kankavali and Aurangabad in Maharashtra State, Vadodara and Ahmedabad in Gujarat State, Udupi and Mangalore in Karnataka State.

The area of operation of the bank is confined to 3 States

- Maharashtra
- Gujarat
- Karnataka.

The Bank further proposes to extend its area of operation to other States.^[3] Buldana Urban Cooperative Credit Society was formed on 15 August 1986. Chairman (Mr.) Radheshyamji Chandak started it with capital of 210 USD and 72 members. In a span of 27 years and mainly in last decade under managing director Dr Suresh Zamwar,^[2] the Credit Society has grown to size of 1.1 billion dollar business with more than half a million (700,000) membership. The area of operation is mainly in central and western India in four states of India. Now the society has 333 branches and 5000

employee and 300 warehouses. Total built up area for Warehouse is 5,000,000 sq feet and capacity of 435,000 metric tons. It maintains a presence in most of the metro cities of India and also in rural areas⁴. The cooperative movement for the sugar industry started in the 1960s in Maharashtra with the announcement of 12 places in the state where sugar factories could be established.^[1] The then Bombay state government announced a capital share of one million rupees to establish sugar factories at these potential 12 places. A central committee was formed by Bombay State Cooperative Bank under the chairmanship of economist Dhananjayrao Gadgil.^[2] Asia's first cooperative sugar factory^[3] was established at Pravaranagar in the Ahmednagar District of the then Bombay state in 1950 by Vithalrao Vikhe Patil, & Gadgil. The sugar mill, called Pravara Sahakari Sakhar Karkhana Ltd, had majority ownership by the local farmers. In 2016, there were 173 cooperative sugar factories^[7] in operation. Maharashtra accounts for 20% of sugar production in India behind Uttar Pradesh at 24%.^[8] The presence of this industry has led to development of rural places, from which the sugarcane is drawn to factories, including an improved road network, transportation facilities,⁵ medical facilities, education facilities, and banking.^[9] Sugar mills in Maharashtra produced just over 100,000 tons of sugar in 2017-18 season, however the glut in global sugar production and the subsequent price crash has led to sugar factories not being able to pay the farmers to the tune of 20 billion rupees (US \$300 million).^[10]

Dombivli Nagari Sahakari Bank Ltd. (DNS BANK) is the Multi-State Scheduled^[1] Bank located in the Thane District, state of Maharashtra established on 6 September 1970.^[2] Having their Head office in Dombivli, Thane District. Currently DNS Bank has 65 branches^[3] across 12 districts in state of Maharashtra. Dombivli Nagari Sahakari Bank Ltd. got Scheduled status in the year 1996. In year 2006 this bank implemented Core Banking Services. DNS Bank is 1st Co-operative Bank^{[4][5]} to launch Mobile Banking^[6] Services^[7] in India.^[8] DNS Bank has adapted new technology.^[9]

Dombivli Nagari Sahakari Bank fall under Scheduled Urban Cooperative Banks in India and its regulatory body is Reserve Bank of India. Dombivli Nagari Sahakari Bank is one of the banks where Core Banking Solution (CBS) is in operation.^{[1][10]}

Dombivli Nagari Sahakari Bank is Live on Unified Payments Interface (UPI).^[11] Dhananjay Ramchandra Gadgil (10 April 1901 – 3 May 1971), also known as D. R. Gadgil, was an Indian economist,^[1] institution builder^[2] and the vice-chairman of the Planning Commission of India.^[3] He was the founder Director of the Gokhale Institute of Politics and Economics, Pune^[3] and the author of the Gadgil formula, which served as the base for the allocation of central assistance to states during the Fourth and Fifth Five Year Plans of India.^[4] He is credited with contributions towards the development of Farmers' Cooperative movement in Maharashtra.^[3] The Government of India recognised his services by issuing a commemorative postage stamp in his honour in 2008.^[5] Ghodganga Sahakari Sakhar Karkhana Ltd is an establishment set up around 70 km east to Pune. Factory is recently named after founder Raosahebada Pawar Ghodganga Sahakari Sakhar Karkhana Ltd (RPGSSKL).¹¹ This project turned out to be the best achievement of Cooperative sugar factories and rural development. This set up is being conducive as sugar production is prime business for region. The project brings employment and social development. Sugarcane grower/farmers in the region are really encouraged by the establishment. The project started with capital share of local farmers. Maharashtra State Agri and Rural Tourism Co-operative Federation Limited^[1] is a federation of agriculturalists and their co-operatives. Its scope of influence is Maharashtra an Indian state. It is also known by the acronym MART.¹² MART lobbies the state government and India's central government so that they would extend subsidies to agri-tourism activities.^[7] MART has demanded that loans be extended at a rate of six percent by NABARD considering that it has certified agri tourism as an emerging business.^[8] Sant Muktabai Sahakari Sakhar Karkhana (SMSSK) known as Sant Muktabai Cooperative Sugar Factory is a cooperative factory founded in 1988 by Pratibha Patil and others. The factory is situated at Muktainagar in Jalgaon district in Maharashtra. It was inaugurated by Sonia Gandhi on 23 January 1999, and Patil remained chairperson until 1996. In 2002 the chief commissioner of central excise and customs,¹³ Pune, issued notices on 24 sugar factories including Sant Muktabai Sahakari Sakhar Karkhana to recover 87 million rupees due on account of excise duty evasion. The sugar factories, mostly in Pune and Aurangabad regions, have been found guilty of selling export quota sugar in the domestic market at high prices. These sugar factories have not only availed excise duty exemption of 85 rupees per quintal, but also earned a big differential by selling the sugar in the local market.^[3]

The scam involved the diversion of export-oriented sugar into the domestic market. In 2001-02, these co-operatives had obtained an export licence for 228,000 tonnes of sugar, but in collusion with export agents, diverted the sugar to the domestic market. This led to the collapse of domestic sugar prices and caused major losses to sugarcane farmers besides excise evasion of nearly 800 million rupees¹⁴. The Muktabai SSK sugar cooperative factory was one of the companies which figured out the scam.^[4] Vijay Bhausaheb Thorat (born 7 February 1953) is an Indian politician who served as the revenue minister in Maharashtra state. He also served as the Deputy Leader of the Opposition in

the Maharashtra Legislative Assembly.^[1] Thorat is a senior member of the Congress Party. He is an MLA from Sangamner constituency.¹⁵

Thorat is a key figure in the cooperative movement and is the founder of a milk co-operative and former president of the Sangamner District and State Cooperative Bank.

He is recognised for his work in Sangamner taluka and Akole taluka. He has founded cooperative educational institutions in Sangamner. Previously, he served as Minister of Agriculture and as Minister of Revenue, and Khar Lands in the Government of Maharashtra.^{[2][3][4]} Warana Power Co-operative legally known as Shree Tatyasaheb Kore Warana Sahakari Navashkti Sanstha Ltd. Warananagar, is a cooperative organization generating electric power from non-conventional, natural clean energy resources, such as hydro and biomass through the co-operative sector.^[1] These members are other co-operative organizations of Warana Group. They have also proposed to generate electric energy from wind, solar, tidal and geothermal, and later from other conventional energy resources.^[2] Warana co-generation project of 44MW has also started under the Warana Power Co-operative, which is attached with Warana Sugar.^[5] Bagasse, a waste product of sugar cane, will be used as fuel in the co-generation plant for the 150-day crushing period of the sugar factory; and for remaining 150 days, imported coal or biomass such as sugarcane trash, cotton stalk, rice husk. Julie Flora is apparently known Babool Tree in Hindi; need to link to actual plant name. --> sawdust, etc. will be used¹⁶

II. DISCUSSION

Vaikunthbhai Mehta (26 October 1891 – 27 October 1964) was a pioneer leader of Indian Cooperative Movement. Vaikunthbhai was born at Bhavnagar in Bombay Presidency. Vaikunthbhai served the Bombay State Cooperative Bank, now Maharashtra State Cooperative Bank as Chief Executive for an uninterrupted period of about 35 years. He was the Minister of Finance and Cooperation of the then Bombay State and was the first Chairman of Khadi and Village Industries Commission.^[1] The contribution of Vaikunthbhai Mehta to the cause of Cooperative Education and Training was pioneering and foundational. He said, "Cooperative Training is not merely a prerequisite but a permanent condition of cooperative activities".^[2] Many leaders were influenced by his work in Cooperative sector; Leaders such as, Yashwantrao Chavan- Pioneer of Maharashtra, Dr. Verghese Kurien-Chairman of Amul India,¹⁷ Gulabrao Patil-Cooperative Leader of Maharashtra and many such leaders took Cooperative Movement further in India.^[1] As a tribute to and memory of the great Cooperative leader and philosopher, the national Institute has been named after him, as Vaikunth Mehta National Institute of Cooperative Management (VAMNICOM) in Pune, Maharashtra state, India. The Vaikunth Mehta National Institute of co-operative Management (VAMNICOM) is conceived as an intellectual nerve centre for the co-operative movement and has been functioning as the apex management training institute for over 50 years, catering to the management development, training, research and consultancy needs of various co-operative organisations, government departments and other national bodies.^[1] The National Cooperative Union of India organizes annual Vaikunthbhai Mehta Memorial Lectures in New Delhi in tribute to his work with the Indian Cooperative Movement.^[3]

The Union Ministry of Cooperation^[2] is a ministry under the Government of India which was formed in July 2021. The ministry provides a separate administrative, legal and policy framework for strengthening the cooperative movement in the country. The ministry's creation was announced on 6 July 2021 along with its vision statement of "Sahkar se samridhi" (transl. Prosperity through cooperation). Before the creation of this ministry, the objectives of this ministry were looked after by the Ministry of Agriculture.^[3]

The ministry works in strengthening co-operatives at the grassroot level,^{[4][5]} working to streamline processes for 'Ease of doing business' for co-operatives and enabling the development of Multi-State Co-operatives (MSCS).^{[1][6]} The same was initially announced by Finance Minister Nirmala Sitharaman while presenting the 2021 Union budget.^[4]

The ministry was created with objectives of:^[7]

- To realise the vision of "Sahkar se Samridhi" (prosperity through cooperation).
- To streamline processes for "Ease of doing business" for co-operatives and enable development of Multi-State Co-operatives (MSCS)
- to provide a separate administrative, legal and policy framework for strengthening the cooperative movements in the country.
- To deepen the cooperative as a true people-based movement reaching upto the grassroot level¹⁸

The co-operative movement in India traces its origin to a period as early as 1904, when the Co-operative Credit Societies Act was enacted. As far as co-operative sector is concerned, Maharashtra is the most developed state in the country. There is hardly any village in the state which remains untouched by the co-operative movement and hardly any important economic activity that is not covered under a co-operative fold. The co-operative movement in Maharashtra is nourished by a three-tier co-operative credit structure, at the helm of which is The Maharashtra State Co-operative Bank Limited (MSCB). At the middle level are 31 District Central Co-operative Banks (DCCBs) and at the bottom level, over 21085 Primary Agricultural Credit Societies (PACS) are functioning.

The MSC Bank serves as a balancing center for the surplus resources of co-operatives in the state and thereby ensures their multifaceted development and prosperity. Needless to say that MSC Bank is the biggest co-operative bank in the country. Besides, it is the only co-operative bank in India which has figured 9 times among the top 1000 banks in the world on the basis of financial soundness (Capital Adequacy) as surveyed by 'The Banker' published from London, periodically. The bank is listed in Schedule II of RBI Act 1934.¹⁹

III. RESULTS

Maharashtra is recognised as one of the leading states in India in the field of cooperation. The two decades between 1960 and 1980 are considered to be the golden age of the state's cooperative movement. The first ever-successful sugar cooperative in India was set up in 1951-52 in Ahmednagar district with the initiative of V E Vikhe Patil and D R Gadgil. Four years later, the second cooperative sugar factory came up with the efforts of Ganpatrao Autade at Kolpewadi near Kopargaon in the same district. A dozen such factories came up in 1959-60 and in a short period thereafter a large number of them emerged all over the state. By 1980, their number crossed 100, and by 1988, Maharashtra overtook Uttar Pradesh as the largest sugar producing state in the country.²⁰

Thanks to their success a vast network of cooperatives in several related fields emerged in the vicinity of sugar cooperatives: cooperative spinning mills, cooperative poultries, cooperative dairies, other agricultural processing cooperatives, cooperative sale and purchase unions, similar other cooperative enterprises, cooperative credit societies, and cooperative banks.

In the Maharashtra of that period there were three important centres of power: panchayati raj institutions, cooperative organisations, and the Congress Party. Those aspiring to be MLAs, MPs or ministers had to work this route to get ahead. The struggle for power in all power structures from the village panchayat to the state assembly, and from the rural credit society to the sugar factories and district banks, was confined mostly to Congressmen. As a result, there used to be at least two rival factions among Congressmen at every level. Since the other parties were weak, the internal rivalry among Congressmen did not cause any serious damage to the party. In fact the party high command cleverly used the existing factionalism to contain the power struggle within the party.¹¹

Marathas occupied important positions in the panchayats, cooperatives, Congress Party and the state legislature and were the largest single caste group in the state. The minority castes such as the malis, dhangars and vanjaris could enjoy a limited scope in acquiring positions of power. As a consolation they would be offered the vice-chairmanship of a sugar factory or a secondary position in the zilla parishad. The minority caste leaders resented this, but had to suffer the humiliation in silence. One of the important reasons behind Y B Chavan's grip over Maharashtra politics was that he was a maratha, and this strengthened his position in the power-play in Delhi.

Such outstanding leaders as V E Vikhe Patil, D R Gadgil, Tatyasaheb Kore, Ratnappa Kumbhar, Vasantdada Patil, Annasaheb Shinde, Yashwantrao Mohite, Shankarrao Mohite Patil, Shankarrao Kale and Shankarrao Kolhe emerged in the cooperative field in the state during this period. They made the cooperatives in their respective areas self-reliant, economically strong, and shining examples of successful enterprises. No wonder this was called the golden age of cooperatives.

There are many reasons for the decline of these cooperatives during the 1980s and 1990s. It is not easy to determine if the Congress Party lost its grip over cooperatives because it became weaker as a party, or it became weaker as a party because it lost control over cooperatives.¹²

After Indira Gandhi took over the reins as prime minister she started dismantling Economic and Political Weekly October 20, 2007 the well-established party structure in order to concentrate power in her hands. She did not relish the dominance of cooperative sugar barons, as they were often called in Maharashtra, and Y B Chavan's hold over them. She started encouraging Shankarrao Chavan another maratha, against Y B Chavan. Her dual objective was to reduce the power of sugar barons and of their leader Y B Chavan. During the period of her son Sanjay Gandhi's ascendancy, leaders without any mass base, such as Babasaheb Bhosale and A R Antulay were made state chief ministers, thus sidelining the once powerful cooperative lobby.

In addition to changes in leadership, two events in this period seem to have led to the decline of cooperatives. Firstly, in the general elections of 1977, Indira Gandhi and her party were defeated and the Janata Party government-led by Morarji Desai came to power. The new government decided in favour of total decontrol of sugar, which brought about a dramatic fall in prices and sugar sold as cheap as Rs 2.5 per kg. The collapse of the sugar market adversely affected sowing of cane and production of sugar thus resulting in severe shortage the following year. The central government imposed a ceiling on sugar prices with a view to controlling inflation. With the scarcity of sugar in the market, and its demand far exceeding supply, the traders started offering “on money” to sugar factory owners. On money was the amount paid to the manufacturer over and above the price fixed by the government and thus a kind of black market emerged in the sugar industry.¹³

At first the sugar barons were uncertain about the best way of handling the sudden spurt of money flow. Some cooperative leaders decided to adopt a transparent policy to avoid allegations of corruption. A large number of sugar cooperatives called meetings of their boards of directors to discuss the issue of on money. Some went to the extent of discussing the matter in the general body meetings. Resolutions were passed to keep the on money separately and to use it for development of the surrounding area. As a lot of money was spent on the frequently held elections in the area, some leaders decided to utilise the sudden windfall for various election campaigns. In the end the sceptics proved to be right. The leaders pocketed all such money. Since all such transactions were illegal, there were no receipts, accounts and audit of the vast funds collected.¹⁴

The second important event was the appointment of A R Antulay as chief minister of Maharashtra in 1980 due to the pressure exerted by Sanjay Gandhi. The main aim of this move was to sideline the powerful maratha leaders of the cooperatives lobby. Antulay had nothing to do with cooperatives, nor did he have a popular support base among the masses. With a view to please Indira Gandhi and to proclaim his loyalty and devotion to her, he set up the Indira Gandhi Pratibha Pratishthan (Indira Gandhi Talent Foundation). He pressurised cooperative sugar factories and other cooperatives to donate to the foundation. In fact, he assigned a quota of donations from all the big cooperatives and compelled traders in
Scholarship for Masters Course 2008-09, under Erasmus Mundus¹⁵

Course: MA LLL – EUROPEAN MASTER’S IN LIFELONG LEARNING: POLICY AND MANAGEMENT
Location: London – Copenhagen – Bilbao (Spain) Duration: 2 years Value: Euro 45,000

Course description: The European Masters in Lifelong Learning: Policy & Management is run by three of Europe’s leading institutions in educational research: The Danish School of Education, University of Aarhus, the Institute of Education, University of London and the University of Deusto, Bilbao (Spain). The three universities have pooled their expertise to provide an individually oriented perspective, a global approach and a strong focus on quality.¹⁶

The programme is based around a series of modules, focusing on either policy or management. Students begin the course in either Denmark or the UK (two semesters), and all students will spend their third semester in Spain. Students may choose at which of the three institutions they will spend their fourth semester while writing their dissertation. This Master’s Course aims to train professionals to design and develop educational policies concerned with Lifelong Learning (LLL). Graduates of this Course will be able to promote innovative LLL systems that are suited to the social and organisational context in which they are undertaken.

Students will develop the competences required to mediate between the educational community and the needs of the local environment. They will learn to advise organisations on the planning, implementation, evaluation, supervision, and control of training mechanisms in LLL. The Course will develop students’ familiarity with the theories, methods and perspectives of comparative education, learning, and LLL. They will also develop systemic competences related to management, quality, creativity and leadership.¹⁷

The language of instruction is English. Students are awarded a joint degree which is recognised by all consortium partners. Applicants to the Master’s Course must have a good first degree (in the humanities or social sciences) or an equivalent qualification, and a satisfactory level of spoken and written English.

The cooperative leaders of Maharashtra learnt an important lesson from Antulay and following his example set up educational trusts and foundations in their own areas and compelled the sugar factory members to “donate”. However, they cleverly kept these trusts legally separate from the cooperatives. They appointed themselves and their family members as life-long trustees and thus ensured that the trusts remained under their control even if they lost control over the sugar cooperatives or allied organisations. In this way, trusts controlling crores of rupees came into existence all



over Maharashtra. Corruption in this manner became an open and integral feature of cooperatives in Maharashtra with the silent approval of all concerned.¹⁸

With the money collected from ordinary members of cooperatives, the leaders set up big educational enterprises. They charged heavy capitation fees for admission to their engineering, medical, computer and management colleges. Yesterday's 'sahakar maharshis' (cooperative bosses) thus transformed themselves into 'shikshan maharshis' (education barons). All transactions were "under-the-table" and without any receipts and audit, there was no record of the capitation fees.

Dynastic rule has been a common feature in sugar factories and other prominent cooperatives in the state for the last two decades. In the pioneering sugar factory at Pravaranagar, admired as a pilgrim centre of ideal cooperation, founder V E Vikhe Patil was succeeded by his son Balasaheb who in turn installed his son Radhakrishna as the chairman of this "model" sugar cooperative, thus retaining the cooperative under family control continuously for three generations. The same history was repeated at Warananagar in Kolhapur district, another hallowed place for cooperators in Maharashtra. After its founder Tatyasaheb Kore died, his son took over as chairman, and now the grandson Vinay is in charge. At the Vasantdada sugar factory in Sangli and the Rajarambapu sugar factory in Walva, the sons of their founders, Prakashbapu and Jayantrao respectively, succeeded as chairmen. At the prominent sugar factories of Kopergaon and Sanjivani in Ahmednagar district powerful leaders Shankarrao Kale and Shankarrao Kolhe have taken care to install their sons as chairmen.¹⁹ The long-standing political rivalry between Kale and Kolhe continues: their sons contested against one another in the October 2004 assembly elections in Kopergaon constituency. The loser, Bipin Kolhe was the official candidate of the Nationalist Congress Party (NCP) while the winner Ashok Kale was in the Shiv Sena camp. At Karad, another big cooperative complex in Satara district, two brothers, Yashwantrao Mohite and Jayantrao Bhosale, have been fighting for power against one another for the last two decades, thus restricting the power struggle within one family. With the advent of globalisation, the cooperatives are facing new challenges. The trend of privatisation has also adversely affected them. Not many cooperative leaders seem to be fully aware of the implications of these wider changes.²⁰

According to a report, there were in all 30 district central cooperative banks in Maharashtra in 2000, one for each district. Only 15 of these banks made a profit worth Rs 88.19 crore, while the rest incurred a loss of Rs 386.79 crore [Sahakari Maharashtra 2000]. Uncontrolled corruption is the main cause of losses suffered by these banks. Sixty-four directors of Nagpur, Wardha and Osmanabad district central cooperative banks and 65 directors of four urban cooperative banks together misappropriated government bonds worth Rs 250 crore. The state government has confiscated the personal property worth Rs 22.89 crore of these 129 directors [The Link 2002].

A large number of the cooperative sugar factories are sick. The chief minister stated publicly in 2003 that 52 of the 110 working sugar factories were sick, and also declared that no permission for new cooperative sugar factories will be given unless there is improvement in the financial condition of the state [Cooperative Sugar Press News 2003]. The situation deteriorated in the following years. During 2004-05, of the total of 190 cooperative sugar factories in the state, only 70 had revenues exceeding costs, 26 might be salvageable, but 17 were truly sick and 77 had closed down. (These figures are derived from various official and unofficial reports.) Seventeen sugar cooperatives in the state owed to the banks dues (with interest) to the extent of Rs 157.95 crore as on March 31, 2000 [Sahakari Maharashtra 2000]. In the 1970s several loss making privately owned sugar factories were taken over by the local sugar cane growers converting them into cooperatives and running them profitably. The irony is, currently some of the loss-making sugar cooperatives have been rented out to private entrepreneurs for day-to-day operations. In spite of such miserable condition, the CM had announced a loan-cumgrant of Rs 1,500 crore in 2002 to these sick factories hoping that their health would improve.¹²

There are many other cooperatives which are seriously sick because of heavy debt burdens. Among the agricultural processing cooperatives, six units owed debts (with interest) amounting to Rs 153.50 crore on March 31, 2000 (ibid). Similarly 25 cooperative spinning mills had outstanding debts of Rs 295.31 crore on the same date (ibid). In Ahmednagar district alone 200 cooperative credit societies, out of 2,000, have been proclaimed bankrupt (ibid).

Many cooperatives suffer from huge losses, misappropriation of funds, and scams of various kinds. However, what happened in the Terna sugar cooperative is shameful and shocking. This factory is chaired by Padmasinh Patil, Maharashtra's former irrigation minister and Sharad Pawar's close relative and trusted lieutenant. During 1999-2001 Patil mobilised shareholder-farmers of Terna and other donors in Osmanabad district to donate for various deserving causes such as Rs 10.60 lakh for the Assam Relief Fund, Rs 15.05 lakh for the Kargil war heroes and their families, Rs 10.30 lakh for the Gujarat Earthquake Fund, and Rs 16.01 lakh for the sugar complex fund. In all Rs 51.96 lakh was

collected through donations, but not a single rupee was used for the purpose for which it was collected. All this money was diverted to salvage Patil's sinking cooperative, using most of it for working expenses.¹⁴ At the last count, outstanding dues of this cooperative to various financial institutions amounted to nearly Rs 200 crore. Besides, permanent factory workers have not been paid regular salaries, shareholder-farmers have not received dividends, and retired workers are awaiting their dues running into lakhs. Patil also admitted that Rs 1.3 crore meant to be a grant for shareholder-farmers to Economic and Political Weekly October 20, 2007

IV. CONCLUSIONS

There is a ray of hope though. One has to identify the positive elements in the existing situation and use these to regenerate the cooperatives. To appreciate these elements we have to place Maharashtra in the context of India.¹⁶

In 1999-2000 in the country there were 5,04,000 cooperative societies having

20.91 crore members [Maharashtra Cooperative Quarterly 2001]. Maharashtra alone had 1,52,619 of these societies with 4.14 crore members. This means Maharashtra alone has 30 per cent of the total cooperative societies with 20 per cent of the total members. During the same year, the share capital of cooperatives in the state amounted to Rs 4,560 crore, deposits accounted for Rs 35,311 crore, and the working capital was Rs 70,501 crore [Sahakari Maharashtra 1999]. In all the above respects, Maharashtra occupies the top position among states.

India is the largest producer of sugar in the world since 1988, and Maharashtra is the largest sugar producing state within India. In 2001-02 India produced¹⁸

18.52 million tonnes of sugar, to which Maharashtra alone contributed 5.56 million tonnes, and all this sugar was produced in cooperative sugar factories. This should be a matter of pride for sugar cane farmers in Maharashtra [Cooperative Sugar Press News 2003]. Hutatma Ahir sugar cooperative at Walva in Sangli district is recognised as the model sugar factory in India. It occupies the first position in India in respect of the highest sugar recovery. Moreover, it has acquired fame for corruption-free and transparent administration and the highest productivity.

India is also the largest producer of milk in the world. In 1998 India produced 74 million tonnes of milk thus reaching the world's top position as a milk producer. It has retained that position since then [Sahakari Maharashtra 1999]. While dairy cooperatives in Gujarat are leading in this field, milk cooperatives in Maharashtra occupy the second position.²⁰

There are over 1,500 urban cooperative banks in India. Maharashtra alone has more than 600 (i.e., 40 per cent) of them. The urban cooperative banks in the country together have total deposits of Rs 40,700 crore and the banks in Maharashtra alone have Rs 23,000 crore of deposits (56 per cent of the total) [Sahakari Maharashtra 2000].

Another example of successful cooperation is the Warana cooperative bazar located in the well known Warana cooperative agro-industrial complex in Kolhapur district. This consumer cooperative's area of operation covers 78 villages in the Warana valley. Its annual turnover is over Rs 40 crore, which places it among the top five consumer cooperatives in the country. It is the only one of its kind in a rural area in India. It is even more remarkable that this cooperative has a woman as chairperson and its 17-member board includes as many as nine women. It has also 131 women as employees in its various departments [Maharashtra Cooperative Quarterly 2001].

The cooperative field in Maharashtra enjoys certain special characteristics. The ideology of cooperation has penetrated in many diverse spheres of state's social and economic life. It has 147 potters' cooperatives, 82 leather-workers' cooperatives, 16 cooperative hospitals, a large number of washermen's and autorikshaw drivers' cooperatives, cooperative student hostels, and cooperative educational societies. Such diversification and multiplication of cooperative enterprises is rarely found in other states [Sahakari Maharashtra 2000]. Even today one finds a network of vibrant cooperatives in the rural areas of Kopergaon, Pravaranagar, Warananagar, Karad, Sangli, Baramati and Akluj in Maharashtra.²⁰

V. CONCLUSION

The winds of liberalisation, privatisation and globalisation are blowing all over the world. They are irreversible. However, this should not lead one to conclude that the cooperative era has ended. On the contrary, in today's changing situation, there is a greater need for cooperation. There is cut-throat competition in trade and industry and it is only going to intensify further. Small farmers, agricultural labourers, small artisans and producers would survive and prosper only if they come together through cooperatives.⁴

A genuine cooperative movement must help small producers and make them stronger. It should also reduce poverty and inequality. That should be the ultimate test of success or failure of cooperation. The state will have to reorient its role vis-à-vis cooperatives. It should be a facilitator rather than a controller and manager of cooperatives. For this purpose, the cooperatives must be made free, autonomous and self-reliant by suitably amending the cooperative laws. This is essential to liberate cooperatives from the clutches of bureaucracy and power-hungry, selfish politicians. The state should not allow proliferation of cooperative sugar factories through political pressure. The reckless expansion of sugar factories without availability of adequate irrigation and sugar cane has ruined the industry and the farmers.¹⁷

Involvement of sincere and dedicated leaders and activists is the key to the revival of genuine and successful cooperatives. This could be achieved with the help of competent non-governmental organisations (NGOs) dedicated to the cause of cooperatives such as the Cooperative Development Foundation (CDF) in Andhra Pradesh. NGOs have not entered the field of cooperation in any significant way. If a few CDF-type NGOs enter this field, it is possible to revive and recreate the era of vibrant cooperatives.²⁰

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