

Seventy-Five Years of Co-operative Movement in Orissa (1903-78) - A Review

Sarat Parida

It is a well known fact that during the colonial rule and for a considerable period after independence, the money-lenders had remained the main source of rural credit in Orissa. In fact, in the absence of any other convenient sources of credit in the countryside during the colonial rule, the money-lenders not only enjoyed monopoly in the business of money-lending but also had earned notoriety for demanding and extracting usurious rates of interest from the cultivators. To save the poor cultivators from the exploitation of the money-lenders, the Co-operative Movement started in Orissa as early as in 1903. By the Co-operative Credit Societies Act, 1904 several Co-Operative Societies were established in North Orissa. But prior to the enactment of the Act, three Co-Operative Societies had been established at Charchika, Suvarnapur and Barput in Banki-Dampara area of Banki sub-division in 1903 by the pioneering and collective effort of *Rai Bahadur* Bidyadhar Panda and Balamukunda Kanungo. By 1910, 50 co-operatives were working in Banki area and taking all these societies the Banki-Damapada Central Co-operative Union was formed on 26 March, 1910. It was the second Co-operative Union or Bank in the entire Bihar and Orissa Province. In 1919 co-operation became a provincial subject and this gave scope to the provinces to enact co-operative

laws. The movement suffered a setback during the 30s' in the wake of the economic depression and many weak co-operative societies which were in a moribund condition were weeded out. Owing to this the number of co-operative societies in North Orissa declined from 2213 in 1932 to 2137 in 1936. Nevertheless, in 1936 when Orissa was made a separate province there existed in total 2154 co-operative societies with a membership of 74,000 and working capital of rupees 98 lakhs. After the formation of the province of Orissa, the State Government appointed a one man Committee headed by *Diwan Bahadur* K. Deivasikhamoni Mudaliar, on 23 December, 1937 to enquire into the condition of co-operative movement and the working of the Co-operative Banks in Orissa.

The Ministry of Biswanath Das which appointed the Committee also initiated measures to promote co-operative activities in the State and in this regard it had enacted the Orissa Co-operative Land Mortgage Bank Act in 1938. The Act was enacted mainly to facilitate the establishment of a Provincial Co-operative Land Mortgage Bank in the State. Under the Act, the Provincial Co-operative Land Mortgage Bank was registered on 16 September, 1938 and it started working with effect from 20 February,

1939. The Bank, however, confined its work in the beginning in the districts of Cuttack and Ganjam. The Act was amended in 1943 to rectify certain defects which had prevented the Land Mortgage Bank to advance loans in time to its members.

However, during the intermediate period between the formation of the province of Orissa in 1936 and the achievement of independence in 1947, no new Co-operative Bank was established in the State. There existed in all 15 Central Co-operative Banks, out of which 13 were in North Orissa and 2 in South Orissa. The movement received stimulus in the State in the post-World War period. The Government of Orissa implemented one of the recommendations of the Mudaliar Committee when an apex Co-operative Bank called the Orissa Provincial Co-operative Bank was registered on 2 April, 1948. The Bank was inaugurated by the Governor of Orissa in the forenoon of 17 October, 1948. The number of Central Co-operative Banks in the State increased to 23 by 1951, as a result of the integration of the *Garjats* with the State. The number of co-operative societies were also increased and by the beginning of the First Five-Year Plan there were 5145 co-operative societies in the State with a membership of 2.95 lakhs and working capital of rupees 4.28 crores.

After independence, the Government made a planned attempt to nurture the co-operative movement in the State and accordingly the Orissa Co-operative Societies Act, 1951 and the Orissa Co-operative Societies Act, 1962 were enacted to make the co-operative laws simple, comprehensive and to facilitate the growth of co-operatives in the State. The attempt became more focused after the All-India Rural Credit Survey conducted by the R.B.I came out with its report in 1954. It brought out the fact that in 1954 exactly

after fifty years of its existence, the co-operative institutions supplied only 3 per cent of the credit requirement of the farmers. An economic survey conducted by the Government of Orissa in 1954-55 too revealed the same fact that the co-operative Banks supplied only 3.61 per cent of the rural credit and the commercial Banks only 0.17 per cent. Most of the recommendations of the All-India Rural Credit Survey Committee were implemented into practice by the State Governments during the Second Five-Year Plan (1956-61). Accordingly, the State Co-operative Bank, the State Co-operative Marketing Society and the Orissa Provincial Land Mortgage Bank were re-organized. By the end of Second Five-Year Plan, 8740 co-operative societies were working in Orissa which included 5888 small-sized societies, 149 multi-purpose agricultural credit societies and 593 large-sized agricultural credit co-operative societies.

In 1964, the Reserve Bank of India found that though the institutional sources made their presence felt in the credit sector since the implementation of the recommendations of the All-India Rural Credit Survey Committee, the growth was uneven in different parts of the country. It was noticed that in some States especially in Assam, West Bengal, Bihar, Orissa and Rajasthan, the co-operative structure was very weak but the progress of the co-operative movement was satisfactory in Gujrat, Maharashtra and Madras.

The All-India Rural Credit Review Committee in its report submitted in 1969 brought to the fore one of the major weakness of the co-operative movement. It reported that the small farmers were still unable to get their share of credit from the co-operatives. In fact, the R.B.I. found that the tenant cultivators, agricultural labourers and others were able to secure only 4 to 6 per

cent of total credit supplied. In July 1969, 14 Commercial Banks were nationalized and the Commercial Banks came into the field of financing the agricultural sector through the primary credit societies at the instance of R.B.I. in 1970. Nevertheless the co-operatives remained the major institutional sources of credit in the country and their share of rural credit increased from 3.1 per cent in 1950-51 to 22.7 per cent in 1970-71 in the country. However in the State 49 per cent of the population derived benefits from the co-operatives by the end of 1972.

In 1978 the co-operative movement completed 75 years of its launch in the State and by this platinum jubilee year of the movement there existed in the State 5793 societies with a membership of 30.64 lakhs and working capital of 374.13 crores. Out of these only 60 per cent were credit societies and the rest were non-credit societies. Thus during the first seven and half decades there had been tremendous expansion of co-operative societies both in membership as well as working capital, but they had not been able to replace completely the non-institutional sources of credit in the State. Nevertheless with their growth and expansion the stranglehold of the money-lenders over the cultivators had slackened considerably.

References :

1. *Co-operative Movement in Orissa, A Profile*, 1984-85, Registrar of Co-operative Societies, Orissa, Bhubaneswar.
2. *Economic Survey of Orissa, 1977*, Bureau of Statistics and Economics, Orissa, Cuttack.
3. G. R. Madan, *Co-operative Movement in India*, New Delhi, 1994.
4. Gunnar Myrdal, *Asian Drama, An Inquiry into the Poverty of Nations*, Vol. II, New Delhi, 1982.
5. N.C. Behuria (ed.), *Orissa State Gazetteers*, Vol. III, Cuttack, 1991.
6. Surasingh Patnaik, *Samabaya Satabdire Odisha*, (Oriya), Bhubaneswar, 2004.
7. *The General Report of the Committee of Direction All-India Rural Credit Survey*, Bombay, (Abridged Edition) 1955.
8. *The Nabeen*, Berhampur, 2 August, 1938 & 19 October, 1948.
9. *The Samaja*, Cuttack, 26 January, 1974.

Sarat Parida is the Lecturer in the Department of History, Govt. Women's College, Sambalpur.



Hon'ble Chief Minister Shri Naveen Patnaik inaugurating the 100 seated Boys Hostel at SCB Medical College, Cuttack on 27.2.2011. Shri Prasanna Acharya, Minister for Health & Family Welfare, Public Grievances and Pension Administration is also present.