

## Historical Evolution of Cooperative Institutions and Their Role in Rural Development of Uttarakhand

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### Abstract

*The Cooperative movement has historically been an effective instrument in the development journey of the rural population and in promoting sustainable development. In India, the movement began with the Cooperative Credit Societies Act of 1904. Cooperative institutions that emerged from the movement are unique socio-economic organisations that operate on the principles of self-help, democratic management, and collective ownership.*

*In relation to Uttarakhand, a state known for its hilly terrain, distributed population, limited resources, and limited access of the rural population to financial institutions, cooperative institutions like Primary Agricultural Credit societies (PACS), dairy cooperatives, and multipurpose societies play an important role in improving the livelihood of the rural population of Uttarakhand.*

*The present study examines the historical evolution and the role of these institutions in rural development in Uttarakhand. It is based on the secondary data collected through the reports of RBI, NABARD, and the state cooperative department. The trend analysis and comparative analysis have been used as analytical tools to reach the findings of the study. The findings indicate that the effectiveness of these institutions is constrained by several challenges, such as non-performing Assets, weak governance, and limited technological adoption. The study also concludes that these institutions are socially embedded organisations that are shaped by historical and cultural factors.*

**Keywords:** Cooperative movement, Primary Agricultural credit societies, Cooperative Institutions, Rural Development, NPAs, Historical Evolution

### Introduction

Uttarakhand state, which largely consists of a rural population, with the hilly constraint region, the development of which is an important aspect of economic progress in Uttarakhand. The population of the region largely depends upon the agricultural and related activities. The scattered settlements and limited infrastructure create significant challenges in accessing market and banking facilities.

Cooperative institutions that have emerged as a saviour against these challenges have not only helped to overcome the challenges but also built a sense of sustainable growth in the region. Cooperative Institutions are well known for the essential services provided, which include credit distribution, availability of agricultural inputs, and marketing support. Primary Agricultural societies (PACS), dairy cooperatives, and multipurpose societies seem to be the backbone of rural economic development in Uttarakhand.

The development and expansion of Cooperative Institutions can not be understood without knowing the historical evolution of these institutions from the colonial period to the post-independence period, which has significantly shaped the structure and functioning of these institutions.

### Historical Evolution of Cooperative Institutions in Uttarakhand

The evolution of cooperative institutions in Uttarakhand shall be understood within the broader context of the cooperative movement in India, which originated in response to the problems of rural indebtedness and agrarian challenges faced by the farmers. The formal beginning of the Institutional cooperative credit can be marked from the enactment of cooperative Credit Societies Act 1904. This legislature helped in providing an alternative to informal and exploitive money lending practices. The scope of the Act was further expanded through the Cooperative Societies Act 1912, which helped the cooperative societies to expand and diversify into other functions, including marketing, production, and banking. (Cooperative department)

In the hilly region like Uttarakhand, cooperative institutions developed in a different way due to the different geographical and social conditions. The difficult hilly terrain, scattered population, improper access to the market, and limited accessibility to banking made it necessary to create a system that would support the rural population more effectively. Cooperative societies were systematically introduced to provide credit to farmers, reduce their dependence on moneylenders, and support agricultural activities.

However, their growth was uneven because of weak administration, limited resources, and limited accessibility of hill areas in the broader colonial economy.

After independence, cooperative institutions became more important for the development path of the whole of India. The role of cooperative institutions expanded from just helping farmers with financial credit. They get involved in providing inputs, promoting small industries, and providing access to financial services. In Uttarakhand, different types of cooperatives – such as Primary Agricultural Credit societies (PACS), Dairy cooperatives, and multipurpose societies grew rapidly during this time, along with the government policies. These institutions played a very important role in providing credits, farming inputs, and marketing ease.

The formation of Uttarakhand as a separate state, after the Uttarakhand Statehood movement, brought a new phase in the development of Cooperative institutions. The Uttarakhand Cooperative Society Act 2003 came into force, which gave a new direction to the cooperative structure in Uttarakhand. People in the region expected better development and improved facilities in the region. Cooperative Institutions started coming to the fore with the view as an important instrument for economic empowerment of the state, with constraints like out-migration.

Despite the historical significance and statewide expansion, Cooperative institutions in Uttarakhand have faced continuous challenges in the present period. Issues such as political interference, weakening principles, and weak governance have affected their functioning. Thus, the Historical evolution of cooperative institutions in Uttarakhand shows the transition from colonial policy instruments to development-based organizations, being shaped by changing political, social, and economic dimensions over time.

## Review of Literature

The Cooperative movement can be seen as an important way to support rural development, improve access to financial services, and promote social involvement for sustainable growth. Many researchers have worked on how cooperative institutions operate. The research can also be found on their performance and the challenges faced by them in India and other developing countries.

Early Studies shows that the cooperative movement in India started with the Cooperative Credit Societies Act, 1904, which was introduced to help the farmers in terms of credit availability, and to encourage people to come together to manage their needs and grow together.

According to the National Cooperative Union of India Cooperatives have provided a platform for people to collectively manage economic activities and improve their livelihood, especially in rural areas. The cooperative movement has been recognised as an important instrument for promoting rural development and financial inclusion. (National Cooperative Union of India)

A study by Dr. H.M Jare and Bharat Bagul is their study A study on the performance of Primary Agricultural Cooperative societies (PACS) in India, which highlights that these institutions play a crucial role in providing short and medium-term credit to farmers and supporting agricultural productivity in rural India. The study also explains the concept of cooperation and Primary Agricultural Cooperative Societies. (Bagul and Jare )

Dr. Dharmendra Kumar and Rachna Pal, in their study on the topic “Cooperative banks and their role in the socio-economic development of rural women in the Pithoragarh district of Uttarakhand,” mention that Cooperatives contribute to improving access to credit, markets, and inputs. They function as grassroots-level institutions that enhance economic participation and reduce inequalities. (Kumar and Pal)

In context of Uttarakhand, a recent study focusing on the Kumaun region done by Dr. Gautam Rawat on the topic “A Study on Cooperative Societies in Economic Development: Special Reference to Kumaun Division of Uttarakhand” finds that cooperative societies significantly contribute to financial inclusion, agricultural productivity and rural entrepreneurship. The study also revealed variations in performance across districts due to infrastructural differences and other constraints. (Rawat)

Several studies at the same also highlight challenges faced by the cooperative sector. Issues such as weak governance, lack of professional management, and increasing non-performing assets (NPAs) have been identified as the main constraints affecting their effectiveness and sustainability.

## Objectives of the study

The present study aims to study the evolution and role of cooperative institutions in rural development of Uttarakhand. The following objectives have been formulated as per the needs of the study.

- To study the historical evolution of cooperative institutions in Uttarakhand.

- To examine the role of cooperative institutions in promoting rural development.
- To examine the trends of loan distribution and beneficiary coverage.
- To evaluate the depth of financial assistant using loan distribution per beneficiary.

### Research Methodology

This study is based on a secondary data analysis approach to examine the historical evolution and the role of cooperative institutions in rural development in Uttarakhand.

The data for the study have been collected from reliable and authentic sources, which include:

- Reports of the National Bank for Agricultural and Rural Development (NABARD)
- Uttarakhand State Cooperative Department reports
- Research journals, books, and other government publications.

Trend Analysis has been used as an analytical tool to study and examine the growth and changes over time.

### Data Analysis and Interpretation

#### Trend Analysis

**Table.1: Loan Distribution and Beneficiaries (Amount in ₹ Lakhs)**

S. No.	Financial Year	Loan Disbursed (₹ Lakhs)	Individual Beneficiaries	Self-Help Groups	Total Beneficiaries
1	2017–18	38087.46	80,868	0	80,868
2	2018–19	76148.63	1,62,472	1	1,62,473
3	2019–20	71130.88	1,25,161	1,246	1,26,407
4	2020–21	76716.15	1,22,802	1,317	1,24,119
5	2021–22	80476.35	1,19,889	1,167	1,21,056
6	2022–23	93000.34	1,69,450	965	1,70,415
7	2023–24	89429.00	1,25,736	594	1,26,330
8	2024–25 (Jan 2025)	93254.00	1,27,343	579	1,27,922
<b>Total</b>	—	<b>618242.80</b>	<b>10,33,721</b>	<b>5,869</b>	<b>10,39,590</b>

(Cooperative department Uttarakhand)

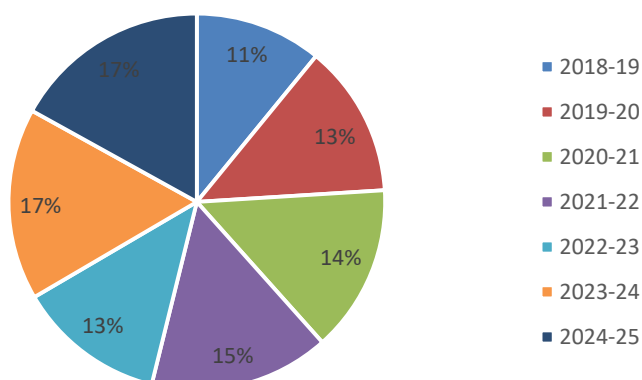
The data presented in the table above represents that cooperative institutions in Uttarakhand played a significant role in providing the financial help to rural population over years. The total loan disbursement shows an overall increasing trend which rise from Rs. 38087.46 lakh in 2017 -18 to Rs. 93254 lakhs in 2024-25, which clearly indicates expansion of cooperative credit activities.

The data available also reflects the increased number of beneficiaries over the years. This shows the improved outreach and financial inclusion. The notable feature from the data is that the inclusion of Self-help groups has increased, which indicates a shift towards group-based lending and women's empowerment. However, fluctuations in beneficiary numbers in years shows possible challenges such as migration, economic difficulties and institutional inefficiencies.

**Table.2: Loan Distribution Per Beneficiaries (Amount in ₹ Lakhs and Rs.)**

Financial Year	Loan Disbursed (₹ Lakhs)	Total Beneficiaries	Loan per Beneficiary (₹ Lakhs)	Approx (₹)
2017–18	38087.46	80,868	0.47	₹47,100
2018–19	76148.63	1,62,473	0.47	₹46,900
2019–20	71130.88	1,26,407	0.56	₹56,300
2020–21	76716.15	1,24,119	0.62	₹61,800
2021–22	80476.35	1,21,056	0.66	₹66,500
2022–23	93000.34	1,70,415	0.55	₹54,600
2023–24	89429.00	1,26,330	0.71	₹70,800
2024–25 (Jan)	93254.00	1,27,922	0.73	₹72,900

## Loan per beneficiary



**Chart 1: Pie chart showing loan amount in percentage per beneficiary**

The chart and table presented above shows loan disbursement per beneficiary over years and reveals about the depth of financial assistance provided by cooperative institutions in Uttarakhand.

The average loan per beneficiary in the initial years (2018-19) remains around Rs. 47000, which reflects the limited financial support per individual. A steady increase can be observed from 2019-20 to 2021-22, where the average loan amount rises approximately Rs. 66000, which suggests an improvement in the scale of financial assistance. In the year 2022-23, even after an increase in total beneficiaries, the amount of loan per beneficiary declined, which indicates a focus on credit expansion in terms of outreach rather than increasing loan size. A good level of rise is again visible in 2023-24 and 2024-25. Where the average loan reaches around Rs. 70000-73000, which suggests the increased financial support per beneficiary.

### Conclusion

The present study highlights that cooperative institutions have a significant role in shaping rural development in Uttarakhand, both historically and in the present context. The analysis above shows that these institutions have contributed to financial inclusion, agriculture support and social inclusion. The increasing trend in terms of loan disbursement and rising number of beneficiaries indicates expansion in outreach.

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