



## ROLE OF CO-OPERATIVES IN INCLUSIVE GROWTH

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**ABSTRACT** Sustainable inclusive growth is a necessary and sufficient condition for achieving the Millennium Development Goals. A rapid pace of growth is needed to generate the resources necessary to satisfy the essential needs of human wellbeing: food, health, energy, education and housing, and to address poverty reduction. However, growth itself cannot ensure that all people, especially the poor and the vulnerable, benefit equally from economic progress. If left to market forces, growth has bypassed those most vulnerable and the poor, giving rise to inequalities in income and wealth. The cooperative movement has contributed a lot to sustainable human development and combating social exclusion in Indian economy. It is one of the largest cooperative movements in the world. Cooperatives have promoted the fullest participation of all people and facilitate a more equitable distribution of the benefits. They are playing multi-functional roles both in rural and urban areas. The cooperatives have inherent advantages in tackling the problems of poverty alleviation, food security, and employment generation. There are many limiting factors in its progress. Against this background, this paper examines cooperatives and their role in Inclusive Growth.

**KEYWORDS :** Co-operative, Poverty, Inclusive, Sustainable, Inequalities

### Introduction

The Commission on Growth and Development 2008 notes that inclusiveness—a concept that encompasses equity, equality of opportunity, and protection in market and employment transitions. It is the situation where more and more people are participating in the high growth process, contributing towards maintaining the growth and are benefiting from the same.

Many developing countries have over the past decades experienced rising inequality with high growth. Serious inequality can erode human potential, impede a society's normal functions, discourage investment and jeopardize economic development and even trigger political conflict and turmoil (UNDP 2011). There has been a rising call for a more equitable sharing of benefits to ensure long-term sustainable growth. In other words, regardless of gender, ethnicity and religion, people from all social sectors should be able to contribute to, and benefit from, economic development. As pointed out by Wilkinson and Pickett (2009), more inclusive societies generally have a better economic and political performance than unequal ones.

The cooperative movement has contributed a lot to sustainable human development and combating social exclusion in Indian economy. The cooperatives have inherent advantages in tackling the problems of poverty alleviation, food security, and employment generation. The cooperatives are one of the important pillars of national economic and social development.

Co-operatives is a form of organization in which member voluntarily come together for the satisfaction of their common needs with due regard to individual capacity, autonomy, equality and a common meeting ground for man as man. The essence of co-operative system is 'one for all and all for one'. In the words of Thomas Carlyle, it transforms from competition in individuals to individuality in cooperation". This concept has been succinctly expressed by a 19<sup>th</sup> century eminent co-operator in the following words-

"I shall put my hand in no man's pocket nor any man should put his hand in mine."

The Indian Co-operative Societies Act, 1912 defines a cooperative "as a society which has its objective the promotion of economic interest of its members in accordance with co-operative principles". Cooperatives which are based on the values of self-help, self responsibility, democracy, equality, equity and solidarity can play a significant role in strengthening the social fabric of the society. In public enterprise, the components of ownership, control and use are separate, whereas in cooperatives they are unified. In cooperatives, responsibility and accountability are direct; in public enterprise they are indirect. In a cooperative organization, cooperative ideology and cooperative business go together. Rochdale is seen as the first 'modern' cooperative started in Europe. Globally, cooperatives have been able to elevate its position as a powerful economic model.

### Review of literature

Cooperation comes natural to man. In the past also, we find a number of indigenous forms of cooperation. A lot of research work has already been conducted pertaining to the cooperatives.

Laidlaw (1974) examined that in a cooperative, all three come together to form a unity; those who own, those who control, and those who use are one. According to Taimni (1997), combating exploitation, reducing disparities, improving social conditions and gender sensitivity, and helping to create a more just society with pronounced concern for environmental protection and sustainable processes of development all tend to make a cooperative a preferred and more socially desirable form of organization.

Karki (2005) found that Dairy cooperative is a very popular business not only in developing countries but also in developed countries. Sarker et al (2008) analyzed the objectives, cost, return and relative profitability of cooperative and non-cooperative milk producers' societies of West Bengal. Nishi, Saha and Kumar (2011) assessed the dairy farmers' satisfaction with dairy cooperative societies. Organisational participation, market potential and economic motivation were found to have strong influence on the satisfaction level of farmers.

### Objectives and Methodology

The cooperative movement in India has its unique status, role and impact in the socio-economic development of the country for providing organizational, economic and social support to give impetus to income generating activities for weaker sections of the society. There has been a substantial growth of this sector in diverse areas of the economy. This paper examines Cooperative Sector and its role in inclusive development in India.

### Cooperative Sector in India

The seeds of cooperation in India were sown in 1904 when the first Cooperative Societies Act was passed. Non-credit societies were also recognized by The Co-operative Societies Act of 1912. Since then, the cooperative movement has made significant progress in diverse areas of the economy. They became an integral part of the Five Year Plans. Cooperatives have extended across the entire country. The cooperative credit system of India has the largest network in the world. National Agricultural Cooperative Marketing Federation was established in 1963 with a view to co-ordinate the activities of various routine.

The cooperative structure in India consists of different constituents; Agricultural societies (both credit and noncredit are found in rural areas, but nonagricultural societies both credit and noncredit) are found in urban areas. For supervision and financial assistance to cooperative credit societies there are central banks and state cooperative banks. At the top of the cooperative credit is the state cooperative bank, at the state level, known as the apex bank. These banks control the working of District Central Cooperative Banks.

These banks are funded by NABARD. There were 370 District Central Cooperative Banks on March 2016. These banks mainly lend to PACS.

A review of the cooperative trends indicates that the cooperative sector in India has been diversifying in new areas like insurance, tourism, etc. The movement has already completed more than 100 years of its eventful existence and covers 100 percent of the villages and 71 percent of the rural households. This movement has developed more than 5 lakh cooperative societies in various sectors of Indian economy with a membership of 230 million. The contribution of dairy cooperatives, fertilizer cooperatives, agriculture marketing cooperatives have been immense to the country.

The main types of cooperative societies are :1. Consumers cooperative societies: Example- Super bazar, Kendriya bhandar, Shahkari bazar, Apna bazaar ; 2. Producers cooperatives: Ex-Handloom society-CO-OPTEX. APCO, BOYANIKA, HARYANA HANDLOOM; 3. Marketing Cooperatives: GCMMF sells Amul milk products is a example of marketing cooperative society.; 4. Cooperative Farming Societies: In India, several national federations of cooperative societies have been formed. National Cooperative Consumers Federation, National Federation of Cooperative Sugar Factories, National Agricultural Cooperative Marketing Federation, National Cooperative Dairy Federation, National Cooperative Housing Federation, All India State Cooperative Banks Federation is some examples.; 5. Housing Cooperatives.

Examples of few cooperatives in India are ; Adarsh Co-operative Bank ; Amul ; Anyonya Co-operative Bank Limited; Indian Coffee House; Indian Farmers Fertiliser Cooperative Limited ; Kerala Co-operative Milk Marketing Federation (KCMMF) ; KRIBHCO; Orissa State Cooperative Milk Producers' Federation (OMFED) ; Pratibha Mahila Sahakari Bank; Sant Muktabai Sahakari Sakhar Karkhana ; Shri Mahila Griha Udyog Lijjat Papad; Vasudhara Dairy; Sitajakhala Dugdha Utpadak Samabai Samiti Assam ; Bhesan Sahakari Mandali Ltd. Dist. Junagadh, Gujarat; The Eastern Railway Employees' Co-operative Bank Ltd.

### Merits

Cooperatives are community-based, rooted in democracy, flexible, and have participatory involvement. In India, it is an organization for the poor, illiterate, and unskilled people. It softens the class conflicts and reduces the social cleavages. It overcomes the constraints of agricultural development. It creates conducive environment for small and cottage industries. Cooperatives are playing a significant role in the economic development of the people living at marginal level and are also contributing significantly for the development of rural areas. Cooperatives work for the sustainable development of their communities through policies approved by their members.

Regardless of the type and size, cooperatives provide a unique tool for achieving economic goals in competitive global economy. As cooperatives foster economies of scope and scale, they increase the bargaining power of their members providing them, among others benefits, higher income and social protection. Hence, cooperatives accord members opportunity, protection and empowerment - essential elements in uplifting them from degradation and poverty (Somavia, 2002)

Cooperatives have immense potential to deliver goods and services in areas where both the state and the private sector have failed. As governments are withdrawing from regulating markets, cooperatives are being considered useful mechanisms to manage risk for members and strengthen the communities.

### Weakness

Cooperatives over the world are in a state of flux. In almost all parts of the world, cooperatives face one or more of the following crises: crisis of ideology, crisis of capital, crisis of credibility and crisis of management (Taimni, 1997).

Mounting over dues in cooperative credit institutions, lack of mobilization of internal resources and over dependence on government assistance, , bureaucratic control and interference in the management, political interference, inadequacy of trained personnel, lack of active participation of members, poor infrastructure, dormant membership, lacking adaptation to the elements of a complex environment, lack of enlightened leaders like V Kurien, educating,

training and retraining of members are the limiting factors. These are the areas which need to be attended.

### Future Prospects

Development is about expanding the choices people have to lead lives that they value. For India, cooperatives is an opportunity to improve social and economic well-being of its deprived population with environment sustainability.

Despite near double digit growth for more than a decade and a half, available estimates suggest that more than One-third of the Indian population live in sub-human poverty. Despite the country having attained self-sufficiency in food production, there is still hunger in the country and that malnutrition is so widespread. Poverty is being exported from rural to urban areas. Many traditional livelihoods that have high employment potentials like handlooms and other home based non-agro enterprises that are women-dominated have become unviable.

Over the years the constitution of GDP has changed but not the country, not the people. It is quite obvious that India's recent economic growth has not trickled down to the bottom. The majority of the population are in a miserable condition today, lacking basic health, education and training opportunities. They have virtually no place in this corporate led modern economy as consumers. Their space as small producers has also shrank.

In our country, the most important policy challenge is to consolidate recent progress in reducing poverty and inequality and to provide a social protection and poor to the floating group that lies just above the poverty line. Cooperative credit institutions have played a significant role in loosening the grip of traditional moneylenders. Co-operatives can help marginalized and weaker section. For that, India requires meaningful reforms in the cooperative sector.

To be effective and successful, cooperatives must develop Cooperation among Cooperatives; reorient their functions according to the market demands; make optimum use of all resources; mobilize capital; improve management capabilities; encourage members' adopt innovative schemes and remain an economically viable, innovative and competitive enterprise.

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