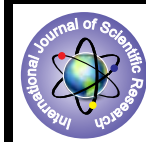


Cooperative Governance: A Study Of Pacs In Mysore District



Economics

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ABSTRACT

Good governance involves far more than the power of the state or the strength of political will. The rule of law, transparency, and accountability are not merely technical questions of administrative procedure or institutional design. They are outcomes of democratizing processes driven not only by committed leadership, but also by the participation of, and contention among, groups and interests in society processes that are most effective when sustained and restrained by legitimate, effective institutions. On the one hand it is necessary to ensure transparency and accountability about the process of governance in the cooperative credit structure. To study the Rule of laws of Primary Agriculture Credit Cooperatives in Mysore District, the present paper is based on Secondary and Primary data. The Primary data collected on Mysore district Primary Agriculture Credit Cooperatives, primary data on was only for the years 2013-14.

Introduction

Co-operative Governance

A set of internal and external mechanisms and controls enabling the members to define and ensure attainment of cooperative objectives, securing their continuity and cooperative principles.

Cooperative Governance: Concept

With the severance between businesses ownership and management, issues of governance start arising, involving alignment of interests of the parties, motivation, symmetry of information and risk propensity. The main function of corporative governance practices is to ensure that executives pursue the goals determined either by owners or by those responsible for strategic decisions, and not their own goals. In order to avoid these problems—described in the literature as agency problems, individuals in charge of preparing and conducting strategic issues shall monitor the behavior of those who carry out, exemplified by a Board of Administration, monitoring the management and requiring transparency in information and accountability.

In a private businesses environment, the so called “good practices” of corporative governance came to be pursued, demanded and seen as a form in which the investor may secure adequate treatment of his interests, mainly there turn on investments made. Studies showing that good practices generate value for stock holders were crucial forwarders in multiplying the preparation of code sand guidelines and in adopting good practices in corporative governance.

Good governance involves far more than the power of the state or the strength of political will. The rule of law, transparency, accountability and participation of members are not merely technical questions of administrative procedure or institutional design. They are *outcomes* of democratizing processes driven not only by committed leadership, but also by the participation of, and contention among, groups and interests in society—processes that are most effective when sustained and restrained by legitimate, effective institutions.

Never have these concerns been linked to more momentous opportunities. In the Fall of 2002 the 191 Member States of the United Nations committed themselves to eight Millennium Development Goals: eradicating extreme poverty and hunger, achieving universal primary education, promoting gender equality and empowering women, reducing child mortality, improving maternal health, combating HIV/AIDS, malaria, and other diseases, ensuring environmental sustainability, and developing a

global partnership for development. 1 As daunting as these goals are in technical and resource terms, they are no less challenging to Member States’ abilities to mobilize people and resources, to make and implement difficult policy choices, and to involve their citizens in initiatives that will shape their futures.

Good Governance and the Cooperative Credit Structure

Having seen the adversities arising out of both the socio-economic and political situation in which the cooperative credit institutions perform and the artificial nature of the movement’s evolution, it becomes more and more evident that the challenges to bring in good governance into the system is indeed daunting.

On the one hand it is necessary to ensure transparency and accountability about the process of governance in the cooperative credit structure. On the other hand it is essential to ensure effective participation of members in the decision making process and to establish sound systems and procedures that will not get perverted by partisan considerations.

In this context, it is interesting to consider the ten principles (C.P. Mohan 2005) of corporate governance suggested by the Australian Stock Exchange Corporate Governance Council and discuss how these principles can be modified to improve the governance of cooperative credit system in India.

Four Pillars of Cooperative Governance

Cooperative governance is the act of steering cooperatively owned enterprises toward economic, social, and cultural success. It consists of answering key questions, defining roles and responsibilities, and establishing processes for setting expectations and ensuring accountability.

A model is a way of framing so that the parts and processes make sense. The Four Pillars model is a not about changing systems but is a new way of making sense of cooperative governance. We think it addresses current gaps in strengthening owner relationships and democratic practices that are not clearly part of other business or governance models. The Four Pillars of Cooperative Governance are Participation, Transparency, Accountability and Rule of Law.

Rule of law: the exercise of state power using, and guided by, published written standards that embody widely-supported social values, avoid particularism, and enjoy broad-based public support. Where rule of law is strong, people uphold the law not out

of fear but because they have a stake in its effectiveness. Virtually any state, after all, can enact laws; corrupt and repressive regimes can legislate at will. Genuine rule of law, by contrast, requires the cooperation of state and society, and is an *outcome* of complex and deeply rooted social processes. Wrongdoers face not only legal penalties, but also social sanctions such as criticism in the news media, popular disapproval, and punishments from professional and trade associations. An approach that relies solely upon detection and punishment may work for a time, but will do little to integrate laws and policies with social values, or to create broader and deeper support for the system. Primary Agriculture Credit Cooperatives is no exception that has to follow the rules framed for its efficient working and integrate laws and policies with social and economic value for its success.

Objective

The main objective of the study is to analyze how Rule of Law of Primary Agriculture Credit Cooperatives in Mysore district has helped in good governance.

Methodology

The present paper is based on both Secondary and Primary data. The Primary data is collected from 35 Primary Agriculture Credit Cooperatives in Mysore district, primary data on was only for the years 2013-14. The secondary data was collected from Journals, and published documents. To analyze the data simple descriptive statistical technique like percentage are only being used.

Case study analysis

The study is based on the information collected through questioner by visiting the PACS in Mysore district. The information collected in on the impacts of cooperative governance through opinion expressed by the societies in the management of primary agriculture cooperatives in Mysore district on the concept of rule of law follows and implemented in PACS.

Rule of law of Primary Agriculture Credit Cooperatives in Mysore District

Table 1: What is the Recruitment procedure of Employees

Options	Frequency	Percent
A/C to Co-op Law	25	71.4
Board of management	10	28.6
Total	35	100.0

The table 1 shows the society employees recruitment procedure of PACCs in Mysore district. Out of 35 societies, majority 25 (71.4%) societies have appointed employees according to Co-op Law, and only 10 (28.6%) societies have appointed of Board of management in society.

Table 2: Lending procedure of PACS

Options	Frequency	Percent
Yes	25	71.4
No	10	28.5
Total	35	100.0

The table 2 shows that the societies PACS strictly follow the lending rules of PACCs in Mysore district. Out of 35 societies, majority of about 25 (71.4%) societies have followed rules, and remaining 10 (28.5%) societies has not followed the rules.

Table 3: Produce Pledge Loans PACS

Options	Frequency	Percent
Yes	19	54.3
No	16	45.7
Total	35	100.0

The table 3 shows the PACS provide Produce Pledge Loans in Mysore district. Out of 35 societies, majority 19 (54.3%) societies have provided Produce Pledge Loans based on moveable and immovable assets. Whereas only 16 (45.7%) societies have not provided Produce Pledge Loans because they have given gold loans and crop loans only.

Table 4: Lending Rate of PACS

Options	Frequency	Percent
Yes	28	80.0
No	7	20.0
Total	35	100.0

The table 4 and figure shows the Lending Rate is decided PACS in Mysore district. Out of 35 societies, majority 28 (80.0%) societies decided the Lending Rate of the society according to land wet or dry and crop.

Table 5: Decision of Lending Rate

Options	Frequency	Percent
Tech-committee	29	82.9
Board of management	6	17.1
Total	35	100.0

The table 5 shows the lending rate decided the society. Out of 35 societies, majority 29 (82.9%) societies said that lending rate decided by technical committee, and only 6 (17.1%) societies lending rate decided by board of management.

Table 6: Distributed of Dividends

Options	Frequency	Percent
Act and Rules, Bye laws	17	48.6
Share capital of members	16	45.7
Net profit distribution	2	5.7
Total	35	100.0

The table 6 shows how dividends are distributed by PACCS in Mysore district. Out of 35 societies, 17 (48.6%) societies have distributed of dividends as per cooperative Act and Rules and bye laws of the society, 16 (45.7%) societies have distributed dividends based on Share capital of members. And only 2 (5.7%) societies have distributed of dividends based on net profit.

Table 7: Implementing of Board of Management Decision

Options	Frequency	Percent
Yes	32	91.42
No	3	8.57
Total	35	100.0

The table 7 shows the societies have implemented the decision that is taken in the board. Out of 35 societies, majority 32 (91.42%) societies implemented decision taken in the board, and only 3 (8.57%) societies have not implemented the decision taken in the board

Table 8: Problems in implementing the Rules and Regulation

Options	Frequency	Percent
Political interference	11	31.4
Vested interest person	24	68.6
Total	35	100.0

The table 8 shows the problems is implementing the Rules and Regulation of PACCs in Mysore district. Out of 35 societies, ma-

majority 24 (68.6%) societies are not implementing the rules and regulation because of vested interest person of the societies, and 11 (31%) societies said that implementing the rules and regulation is based on political interference.

Table 9: Implementing of Rules and Regulations by the Board

Options	Frequency	Percent
Yes	20	57.14
No	15	42.85
Total	35	100.00

The table 9 shows the board of management comes in the way of implementing Rules and Regulations. Out of 35 societies, 20 (57.14%) societies said that the board comes in the way of implementing rules and regulations; remaining 15 (42.85%) societies said that board does not come in the way of implementing rules and regulations

Table 10: Members Opinion is Respect of Implementation of Rules and Regulations

Options	Frequency	Percent
Yes	19	54.28
No	16	45.71
Total	35	100.00

The table 10 shows the Members and Board have expressed their happy was with the implementation of Rules and Regulations. Out of 35 society's, majority 19 (54.28%) societies have felt happy with implementation of rules and regulations, and remaining 16 (45.71%) societies are not happy implementation of rules and regulations.

Conclusion

From the analysis it was found that in Mysore district has a good governance approach. Majority of the PACS in the district follow the concept of rule of law. The concept of rule of law has helped is good administrations. Only few PACS have expressed is there in ability is implementing rule of law due to political and vested interest. The study highlighted how PACS follow the rule of law and how the board of management taken interest in implementing the same. So it is concluded that cooperative governance plays an important role through rule of law for better governance approach. If all the PACS follow rule of law it will be great success of governance of PACS.

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