



“The Study on Cooperative: Panic and Defy from Rural India Outlook”

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ABSTRACT

It is now increasingly recognized that the co-operative system in India has the capacity and potentiality to neutralize the adverse effects emerging from the process of globalization. The paper examines the causes of slow progress and highlights the emerging role and challenges of the co-operative sector. In comparison to the step-motherly treatment of the past, co-operatives are now considered an important plank of development. The government is committed to co-operative development. After economic liberalization under the new economic environment, co-operatives at all levels are making efforts to reorient their functions according to the market demands. The failure of the public sector in several cases is a worrisome trend. Privatization has also failed to make an impact in the rural areas. Therefore there is great hope on the co-operative sector. The co-operatives have inherent advantages in tackling the problems of poverty alleviation, food security and employment generation. Co-operatives are also considered to have immense potential to deliver goods and services in areas where both the state and the private sector have failed.

KEYWORDS

Cooperative, Government's Role, Problems and Challenges

Introduction

Co-operation is a world-wide movement. It was introduced in India in the early years of this century in the wake of famines, which had resulted in economic hardship and an alarming increase in the indebtedness of the farmers to the moneylenders. Co-operative credit on easy terms appeared to be the best means of getting the farmers out of the vicious circle of indebtedness and poverty. The idea was to free the farmers from the necessity of having to borrow money on usurious rates of interest from Sahukars or village moneylenders. The Co-operative Societies Act, which was passed in 1904 envisaged the formation of village credit societies. In 1912, the Act was amended to enable formation of other types of societies for activities relating to sale, purchase, production, housing etc. This Act also provided for the creation of federations of primary societies and for supervision, audit, mutual control and overall development of the co-operative movement. In 1919, the subject of co-operation was transferred to the provinces and most of the provinces enacted their own laws to regulate the working of co-operative societies. To give a stimulus to the co-operative movement, the Government of India set up an Agricultural Credit Department in the Reserve Bank of India with a view to providing financial assistance and credit to the co-operatives.

Co-operation in a vast country like India is of great significance because:

- It is an organization for the poor who wish to solve their problems collectively;
- It is an institution of mutual help and sharing;
- It softens the class conflicts and reduces the social cleavages;
- It reduces the bureaucratic evils and follies of political factions;
- It overcomes the constraints of agricultural development;
- It creates conducive environment for small and cottage industries.

There are at present 5.04 lakh cooperative societies of different type with a membership of 22 Crores, covering 100 percent villages and 67 percent rural households. The transition from controlled economy to open competitive economy in the name of globalization or liberalization has thrown a whole lot of challenges to the cooperative sector. It was believed that cooperatives would not be able to survive in the face of stiff competition posed by private sector. In contrast, there were still few, who regarded cooperation as a dynamic enterprise, which had been able to survive for around 150 years. A study of functioning of cooperative societies in various segments such as agricultural credit, agricultural marketing, fertilizer distribution, agro-processing, dairy and sugar industries, has shown that there are some strong and viable cooperatives. But at the same time one must realize the fact that the co-operative structure.

With a network of six lakh cooperatives and a membership base of 24 crores, the Indian cooperative movement has proved to be an effective economic instrument for ensuring growth with equity and inclusiveness

Problems face by Cooperative

Despite its rapid growth, the overall progress of Co-operative Movement during the last 100 years is not very impressive. Some of the principal road-blocks have been the following:

Slow Pace of Growth in Co-operatives: The Co-operative



Movement in India was initiated in 1904 under the auspices of British government. Right from the beginning the govt has adopted an attitude of patronizing the Movement. Co-operative institutions were treated as being a part and parcel of the government administrative set up. The govt interference thus became an essential element in the working of these institutions.

Mismanagement and Manipulation: The essence of the Co-operative Movement is that it gives the farmers the status of shareholders and assures them agricultural, educational and other facilities. Co-operative institutions are small institutions owned by a small number of members. A hugely large memberships turns out to be mismanaged unless some secure methods are employed to manage such co-operatives. Co-operatives do not enjoy level-playing field vis-à-vis private retail chains in the country. It is well-known that business houses cannot be run on bureaucratic lines. Board members need to learn to take quick, appropriate and member-cum-customer friendly decisions. Traditional type of business of co-operatives must be conducted by competent and professional-qualified personnel.

Lack of Awareness: People are not well informed about the objectives of the Movement, rules and regulations of co-operative institutions. Unfortunately, no special efforts have been made in this direction. People look upon these institutions as means for obtaining facilities and concessions from the govt. Lack of education, dirty local politics, caste-ridden elections to the offices of co-operative societies, bureaucratic attitudes of the govt officers at the lower rank are some of the hurdles in spreading the correct information about the Co-operative Movement and in educating the members about its true character and vital role in the society. It has been observed that a large number of members are not aware of the existence of byelaws, their rights and duties and the roles of office-bearers and management staff of the co-operative. Studies have shown that almost 90-92% of members of PACS in Uttar Pradesh have never seen copies of the byelaws of their own co-operatives.

Inadequate Role of Promotional Institutions: To create awareness among co-operative members and general public, the promotional institutions like the National Co-operative Union of India and the state Co-operative Unions/Federations must take a stronger lead to implement member education programmes. Field studies have shown that the educational instructors and field projects are getting ineffective due to: lack of programming for them, lack of funds; inadequate supply of support material; and lack of trainers training programmes. At present 40 field projects do not have any funds to carry out field activities, nor do they have any support material and work programme

Restricted Coverage: The Co-operative Movement has also suffered on account of two important limitations on its working. One is that the size of these societies has been very small. Most of these societies are confined to a few members and their operations extended to only one or two villages.

Functional Weakness: The Co-operative Movement has suffered from inadequacy of trained personnel. Lack of trained personnel has been caused by two major factors: [i] there has been a lack of appropriate institutions for training of personnel; [ii] unsatisfactory working of co-operative institutions qualified and experienced personnel did not feel attracted or motivated.

Misconceived Concentration of Power: In many cases it has been found that the Chairman, due to self-interest, assumes both roles as leader of the organisation as well as that of the executor of the decisions taken. They become executives reducing the chief executive/managing director to execute the orders from the Chairman. Such a situation generates manipulation and serves self-interest. In a large number of small cooperatives, Chairmen are the bosses and the man-

agers are mere clerks. To insulate the cooperative from such a situation, a careful study of byelaws is of great relevance where the rights and duties of chairmen and managers are clearly defined. It becomes necessary for cooperative enterprises to develop a proper chart of duties

Challenges for Cooperative

A borderless system of economic activity is coming into being. Big multinational companies will take full advantage of the borderless world, without hindrance of national boundaries to undertake large-scale economic activities, which will dominate the world market. Such a new economic scenario, presented a threat to cooperative movement's ability to survive. At present, there are about 207 national and 8 international organizations, which are the backbone of ICA and there are about 754 million individuals spread over 90 countries of Asia, Africa, Europe and America, who are members of ICA. With such a huge and diversified structure around the world, one cannot question the ability of the cooperatives to survive and succeed, but what needs to be deliberated upon is, the new direction towards which cooperative movement should move with firm determination.

Development Thrust

It may include:

- Enhancing the competitive strength in cooperatives by their merger and division, wherever necessary
- Non-viable societies that do not have scope for revival should be liquidated.
- Ensure active participation of members in their day-today business and de-listing or removing the inefficient or inactive members from membership.
- Large-scale enterprises in the cooperative sector may require huge funds. To mobilize more funds, cooperatives may enter capital market and mobilize funds by means of deposits, debentures etc. At the same time, cooperatives must evolve deposit-insurance scheme, to in still confidence among the depositors, both in urban and rural areas.
- According to some experts, there are a number of agricultural commodities like rice, sugar, fruits, vegetables; spices etc. that have strong competitive advantage in export markets. This has positive implications for agricultural cooperatives. Moreover, some cooperative thinkers interpreted that the historical attributes of cooperatives namely, countervailing power, access to capital on favorable terms, scale-economies and income improvement, provide them with necessary strength, to overcome the challenges of a competitive market.
- For building up professionalism in the management of the cooperative enterprises, it is necessary on the one hand to upgrade the quality of the staff with latest developments and on the other hand, develop proper and cordial relationship between the managers and members of board of directors. Proper and continuous training must be provided to both cooperative leaders and profession executives.
- It is only now that cooperatives have an opportunity to thrive for years, despite their relevance restricted by a hostile legal and policy environment fell far short of their promise. The extensive powers conferred on the registrar of cooperative societies, are a drag on the efficiency of the cooperative system. It is this, changing environment that provides the opportunity for genuine cooperatives, to arise and compete. Parallel-laws for self-reliant cooperatives; provide a legal environment that allows cooperatives to function as autonomous, democratic, member-sensitive, member-controlled, self-reliant enterprises.

Conclusion

In a developing country like India with huge deficits in terms of quality and quantity, the State has to shoulder the primary responsibility of providing cooperative credit. Considering the low living standards of common man, incomplete and imperfect markets, and other socio political considerations it

is the primary duty of the government to ensure that its citizens have easy access to cooperative credit. The need of the hour for the cooperative sector in the era of liberalized environment is to seize every opportunity available to it. Thus, the future vision of cooperative movement will have to be based on efficiency parameters relating to promotion of excellence, improvement of operational efficiency and strengthening of financial resource base.

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