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PERCEPTUAL VIEWS ON CO-OPERATIVE: TOWARDS THE SOCIETIES – A THEORETICAL ANALYSIS

R. Sudharson

Ph.D Scholar, DDE in ASIA e University, Madurai, Tamil Nadu

Abstract: The Cooperative Movement in India was formally introduced with the promulgation of Cooperative Societies Act in 1904. Even before formal cooperative structures came into being through the passing of a law, the practice of the concept of cooperation and cooperative activities were prevalent in several parts of India. Some of them were named as Devarai or Vanarai, Chit Funds, Kuries, Bhishies, Phads. Cooperatives in India function in different sectors face diverse problems. The situation is further complicated by the fact that Cooperatives is a State subject under the Constitution of India and State cooperative laws and their implementation have vastly differed. The situation is further complicated by the fact that Cooperatives is a State subject under the Constitution of India and State cooperative laws and their implementation have vastly differed. The global economy, and in particular the Indian economy, has gone through transformation. The positive dimension of globalization included liberal economic policies, reduction of state intervention, and easy access to monetary capital and consequently new opportunities for economic participation. This is already evidenced in India in the form of increased economic growth and State withdrawal from many economic and social domains. Cooperatives are the best channels to keep the spirit of collectivism and democracy afloat. The presence of a large network of social organizations, like cooperatives, would aid in the generation and utilization of social capital and 'greater the social capital greater would be the possibility of development'. Therefore, cooperatives have a futuristic role of fostering collectivism and preserving the social capital base of the country.

Keyword: Cooperative Movement, Constitution of India, Globalization, Economic Participation.

INTRODUCTION

The cooperative movement is a distinct segment of the Indian economy and it acts as an (effective mechanism of socio-economic transformation of rural community. The cooperative movement successfully deals with the basic problems of the economy, by promoting economic, social and cultural development of the society. (13th Indian cooperative congress, 1997) wherever co-operatives have worked, they have become a part of their members' lives and a source of strength to their families, the community and the nation (Co-operative Initiative Panel, 1992). The International Labour Organisation (ILO) had adopted a recommendation (No. 127) on the "role of cooperatives in the economic and social development of developing countries" in June 1966 which stated: "The establishment and growth of cooperatives should be regarded as one of the instruments for economic, social and cultural development as well as human advancement. All appropriate measures should be taken to detect and eliminate provisions contained in laws and regulations which may have the effect of unduly restricting the development of cooperatives through discrimination. There should be laws or regulations specifically concerned with the establishment and functioning of co-operatives, and within the protection of their right to operate on not less than equal terms with other forms of enterprise."

The past few decades have witnessed substantial

growth of the cooperative sector in diverse areas of the Indian economy. The number of all types of cooperatives increased from 1.81 lakh in 1950-51 to 5.04 lakh in 1998-99. The total membership of cooperative societies increased from 1.55 crore to 20.91 crore during the same period covering about 67 percent rural households and about 99 percent villages. (Draft National policy on cooperatives, Government of India, 2001). In the early nineties, India made a paradigm shift towards market economic from the socialistic pattern. Fall of the western economies which India, idolized for long, its own sluggish economic growth rate; mounting debt burden, adverse trade balance, fiscal deficit, scanty foreign direct investment have left the country with no other option than to seek a change over to a market friendly economic policy. (Nitin Ghosh, 2000).

To face increasing competition from private sector including multinationals, co-operative organisations will have to make earnest efforts to protect, preserve and project their identity in the market driven economy. (Nitish Kumar, 2000). In the era of liberalization, privatisation and globalisation the cooperatives cannot operate without being efficient and viable. Unfortunately, in most cases, they are neither efficient nor viable financially (Prabhu, 1994).

Cooperatives have become sick and dominant and exist only in records. Despite the many problems facing co-operatives, opportunities also exist for a substantial advance in their role within the world economy (Edgar Parnell, 1999).

COOPERATIVES IN INTERNATIONAL SCENARIO

The International Cooperative Alliance (ICA) in its Statement on the Cooperative Identity, in 1995, defines a cooperative as "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise." It is a business voluntarily owned and controlled by its member patrons and operated for them and by them on a non-profits or cost basis (UWCC, 2002). It is a business enterprise that aims at complete identity of the component factors of ownership, control and use of service, three distinct features that differentiate cooperatives from other businesses (Laidlaw, 1974). Since its creation, the ICA has been accepted by co-operators throughout the world as the final authority for defining cooperatives and for determining the underlying principles, which give motivation to cooperative enterprise. World membership in ICA gives some idea of the size of the cooperative movement today. In 1895, the founding congress had 194 members; in the mid-1980s the ICA recorded a membership of about 355 million individuals; in 1999, the ICA's organisations represented 750 million people; and since 2002 it was estimated that more than 800 million people are members of worker, agriculture, banking, credit and saving, energy, industry, insurance, fisheries, tourism, housing, building, retailer, utility, social and

Consumer cooperatives societies (Levin, 2002; Encarta, 2005; and Wikipedia, 2006).

In India the cooperatives which are members of ICA are:-

Co-operative House Building & Finance Corporation Ltd. (Sahkari Awas Nirman
Evam Vitt Nigam Ltd.)
Indian Farmers Fertiliser Co-operative (IFFCO)
Indian Farm Forestry Development Co-operative Ltd
Krishak Bharati Co-operative Ltd. (KRIBHCO)
National Agricultural Co-operative Marketing Federation (NAFED)
National Co-operative Agricultural & Rural Development Banks Fed. Ltd (NCARDBF)
National Co-operative Consumers Federation (NCCF)
National Co-operative Union of India (NCUI)
National Federation of State Co-operative Banks (NAFSCOB)
National Federation of Fishermen's Co-operatives Ltd. (FISHCOPFED)
National Federation of Urban Co-operative Banks & Credit Societies Ltd (NAFCUB)
National Co-operative Development Corporation (NCDC)
National Labour Co-operatives Federation of India, Ltd
Cooperatives are based on basic values and principles.

Cooperative values are general norms that co-operators, cooperative leaders and cooperative staff should share and which should determine their way of thinking and acting (Hoyt, 1997). The values, which are articulated by the ICA in a statement in 1995, include self-help, self responsibility, democracy, equality, equity and solidarity. The values statement further articulates values of personal

and ethical behaviour that co-operators actualize in their enterprises. They describe the kind of people co-operators strive to be and the traits they hope to encourage through cooperation. These are honesty, openness, social responsibility and caring for others.

CO-OPERATIVE MOVEMENT IN INDIA

The cooperative movement in India has carved out a niche for itself in important sectors like credit (both rural and urban), banking, sugar, fertilizers, dairy, agriculture marketing, consumers, handloom and handicrafts, fisheries, labour and housing activities (Sisodia, 2001). Consumer cooperatives in India have developed a network: of super market and department stores in cooperative sector in different parts of the country, with visible success (Misra, 1995).

The government of India's Expert committee on consumer co-operatives (1993-94) headed by (J.C. Sharma, the then Regional Director, International Cooperative Alliance in its report has come out that .57 percent of primary societies are either in loss or defunct condition. The remaining 43 percent in profit, that too most often marginally.

Co-operative movement in India is one of the largest movements in the world. Co-operative movement has made tremendous progress in every aspects of the Indian economy. Co-operative activities occupy a major place in the sphere of the Indian economy. Initially, the co-operative movement was started with a limited scope of activities of rural credit but now it has entered in all fields of economic activity with social essence. Now the movement which has covered 100 per cent villages and 75 per cent rural households and functioning over 545 thousand Co-operatives of various levels with membership coverage of 236 million and working capital of 34,00,555 million inclusive of credit and non-credit co-operative societies. It has been playing a significant role in disbursing agricultural credit, distribution of agricultural inputs, providing market support, processing, etc. Co-operative movement has been recognized as an effective instrument for the economic development of the rural masses and for improvement in the socio-economic condition of the poor.

The co-operative movement in India had its origin elsewhere and was introduced to this region by foreign rule. But even after independence, the movement continued in the planned economy. The movement has been recognized as an effective instrument for the economic development of the rural masses and for improvement in the socioeconomic conditions of the neglected. In India co-operation had become a part of national policy and hence the Indian co-operative movement is sometimes ironically described not as a movement but only as a product of government policy. It spread and diversified with the encouragement and support of the government.

The co-operative movement in India was basically organized against the moneylenders to rescue farmers from the clutches of the poverty and indebtedness. The need for agricultural credit through co-operatives felt because of rural indebtedness. The Indian co-operative movement was initiated by the government; it spread and diversified with

the encouragement and support of the government. In this connection, observation made by NABARD" in its Annual Report, 2001-2002 is; "Co-operatives have contributed significantly to the growth of institutional infrastructure in the rural areas, private capital formation in the agriculture sector and distribution of farm inputs like fertilizers, seeds etc."

The determination of Government interest in co-operatives and the importance attached to them was reflected in the appointment of various committees regarding to review their development and functioning. Broadly speaking there are three sectors operating in the Union of India.

1. Public Sector: wherein the State i.e. The Union of India and the respective State Government undertake developments projects which are wholly owned by either the Central Government or the State Government.
 2. Private Sector: which is a sector where private enterprises are permitted in certain fields of economic activities.
 3. Co-Operative Sector: This is a beautifully blended in between a public sector and private sector. It has benefits of both the sectors and disadvantages of neither of them.
- AREAS OF OPERATION OF CO-OPERATIVES IN INDIA

The principle of cooperation is part and parcel of Indian Culture.

We can trace the cooperation in our ancient Vedas and Upanishads have many Cooperation

Occupies an important place in the Indian economy. Perhaps no other country in the world is the co-operative movement as large and as diverse as it is India. There is almost no sector left untouched by the co-operative movement.

Agricultural Credit
Agricultural supplies
Agricultural Marketing
Agricultural Processing
Industrial co-operatives
Public Distribution of essential commodities through consumer co-operatives
Urban credit Co-operatives
Housing co-operatives

SIGNIFICANCE OF COOPERATIVES

The cooperative structure in India consists of different constituents. At the bottom of this structure are the primary societies which render various types of services. Of this large number about 80% is concerned with agriculture. Most of these societies, about 60% deal with credit only. Thus a large majority of primary societies are related to agriculture and credit. They perform various functions such things as credit, irrigation, marketing, transports etc. These are generally divided into two groups (i) credit societies and (ii) non credit societies each of these two sub groups is further split up into sub groups: (a) agricultural societies and (b) non –agricultural societies. Agricultural societies (both credit and non credit are found in rural areas, but non

agricultural societies both credit and non credit) are found in urban areas. For supervision and financial assistance to cooperative credit societies there are central banks and state cooperative banks. The central banks supervise the functioning of the primary societies of a district or part of a district and offer financial assistance to them their capital is drawn from public deposits, share capitals and loans from other sources. Because of variety of sources from which these banks can draw money, they act as a link between cooperative societies and the money market. They function as balancing centres by diverting funds of surplus societies to the needy societies. They also perform ordinary banking functions also.

At the top of the cooperative credit is the state cooperative bank, at the state level, known as the apex bank. It controls the working of central banks and provides finance to them. It also acts as the link between Reserve Bank of India from which it borrows and the central banks and primary societies. It directs the cooperative movement in the state. Its capital comes from share capital, public deposits and loans and advances from the state and Reserve Bank of India. The National Cooperative Union of India is the apex organisation promoting the cooperative movement in the country.

All the above three types of institutions are concerned with short and medium term credit of people. Long term loans are given by Land Development banks, which have a unitary structure having branches at different places. These banks obtain their funds from share capital, reserves, deposits, issue of bonds and debentures. However the major part of their resources is drawn from the floating of ordinary debentures in the market.

The investors in these debentures are LIC, commercial banks, Cooperative banks, central and state governments and Reserve bank of India.

Cooperation in a vast country like India is of great significance because:

It is an organization for the poor, illiterate and unskilled people

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

CO-OPERATIVE MOVEMENT IN TAMILNADU

The Cooperative Movement in Tamil Nadu has witnessed over the decades substantial growth in diverse areas of economy. There is not a single major sphere of economic activity which has not been touched by Cooperatives. Cooperatives are also envisaged as an instrument for implementing many important policies like agricultural credit, urban credit, market intervention, price support for agricultural commodities through Cooperative Wholesale stores, Public Distribution system etc.,

From a small beginning, the Cooperative movement in Tamil Nadu has grown in strength over the

years. Opening of a Village Cooperative credit society in Thiroor in Thiruvallore District in 1904 marked the advent of the Cooperative movement in Tamil Nadu ushering in a new era of services for the people of the state, particularly the agriculturist families. From Agricultural Banks to Marketing societies and Consumer Cooperatives provide service to the people in various economic activities. Cooperatives also run the Public Distribution system which provides relief to each and every family in the state.

PRINCIPLES OF CO-OPERATIVE SECTOR

In a commercial organization, earning and maximizing the profits is the sole motive; whereas in a co-operative organization profit cannot be the sole motive. The prime objectives, in addition to the three fundamentals of co-operation mentioned above are to make available the goods and services in required quantity, of better quality and at a reasonable price to its members. It does not mean that a Co-operative Society is a charitable organization. It should, therefore, conduct itself in a businesslike manner in attaining its objectives efficiently.

1. Legal Status:

A co-operative Society is a body corporate registered under the applicable state Act with perpetual succession having a common seal. It can acquire, hold and dispose of properties, enter into contracts and it can sue and it can be sued.

2. Voluntary Association:

Co-operative Society is essentially an organization or an association of persons who have come together for the common purpose of economic development or for mutual help.

3. Self Help and Mutual Help:

The Co-operative society's office bearers/executive committee is elected as per democratic election procedure. The Co-operative Society function under the principle of self help and mutual help which means each will help for themselves and all will help others.

4. Democratic Controls:

The Control of a Co-operative enterprise is not in the hands of capitalists who can corner the share capital and control the interest in any undertaking which would be a private undertaking.

5. Equality:

In co-operative Sector, the principle of "One man one Vote" is provided in the statute so as to ensure that the capital does not dominate the administration of co-operative Society.

6. Open Membership:

Any person can apply for the membership of the Society without any discrimination. The membership is open for all.

7. Social Approach / No Profit Motive:

As the Society is working on democratic principle and the office bearers of the Society will be functioning like trustees for the better management of the society and there are no separate benefits to the executive committee members. Service is the main motto and the profit is not the main concern in co-operative societies.

8. Profits and Returns to the Members:

Co-operative Society is an association of members and certain percentage profits earned by the society, as decided in the meeting of the General body will be distributed in the form of dividend to the members.

9. Limited Interest On Shares:

Irrespective of the shareholding, each member has only one vote in the decision-making in the General body meeting or at the time of election of the committee for management. The shares are not traded in the stock exchange. The State Co-op. Act also prescribes the maximum amount, which a member can hold as a share capital in any society.

Under M.C.S. Act, 1960 as per Section 28 other than Government or other society, shall not hold more than 1/5 of the total capital or interest in shares or exceeding Rs. 20,000/- which the State Government power to change by way of notification.

10. Personal Participation:

The shareholders have to personally attend the meeting or for voting. They are not allowed to appoint proxies for attending the general body or for voting in the resolution to be passed.

11. Educations and Co-operation:

Every society has to contribute towards the education fund maintained and looked after by the district co-operative education Board as per the notification issued from time to time for educating the members or the office bearers of the Society.

12. Co-operation amongst co-op. institutions:

The funds generated or mobilized through the co-operative societies have to be deposited/ invested in the Co-operative Sector only.

ACT, RULES AND BYE-LAWS GOVERNING

The Co-operative Societies functioning in Tamil Nadu are governed by the following:

- i. Tamil Nadu Co-operative Societies Act, 1983.
- ii. Tamil Nadu Co-operative Societies Rules, 1988.
- iii. Bye-laws of the respective Cooperative institutions.

POWERS AMONG THE OFFICERS

The statutory powers delegated among the officers of Cooperative department under tncs act, 1983 has been delegated by the G.O (2D) No. 108 Cooperation, Food and Consumer Protection Dept. dt 31.8.2005

OFFICERS	POWERS
Additional Registrar of Coop. societies	All the powers of a Registrar under the said Act
Joint Registrar of Cooperative Societies	(i) In respect of any primary or central society, all the powers of a Registrar under the said Act. (ii) In respect of any apex society, all the powers of a Registrar under the said Act, except those referred to in sections 12,14,18,32(2) (i) (a) 33(4), 33 (6), 33(12), 35,36,66,68,69, 75,76,77, 88,89, 91,115,137 (1), 140,142,152(2) (a), 153,164,166, 178 and 181
Deputy Registrars of Cooperative societies	(i) In respect of any primary society, all the powers of a Registrar under the said Act except those referred to in sections 12,14,18,33(4),33(7),35,36,68,69,75,76, 77, 88,89,91,105,115,137(1), 152(2) (a), 153, 173,178 and 181 (ii) In respect of any apex society or central society, all the powers of a Registrar under the said Act, except those referred to in sections 12,14,18,32(2) (i)(a), 33 (4), 33(6),33(7),33(12), 35,36, 66,68,69,75, 76,77, 88,89,91,105,115, 137(1),152(2) (a) 153, 164,166, 173,178 and 181 (iii) In respect of any society ordered to be wound up by the Deputy Registrar of Cooperative societies under Sec.137 (2) All the powers of a Registrar under Sections 140 and 142.
Cooperative Sub Registrars	(i) In respect of any Primary, Central or Apex society, all the powers of a Registrar under Sections 72,80,87,90,118,129,143 and 144 subject to the condition that the Cooperative Sub Registrars shall so exercise the powers under Sec. 87 or under Sec.90 only in respect of monetary cases involving a sum not exceeding Rs.2,00,000/- and under Section 144 only in respect of cases involving a sum not exceeding Rs. 1,00,000/- (ii) In respect of any Primary society, all the powers of a Registrar under Sections 21,24,32(3), 32(4), 32(5) 81,82, and 85

ROLE OF COOPERATIVE TOWARDS ECONOMIC DEVELOPMENT

Cooperatives are community-based, rooted in democracy, flexible, and have participatory involvement, which makes them well suited for economic development (Gertler, 2001). The process of developing and sustaining a cooperative involves the processes of developing and promoting community spirit, identity and social organisation as cooperatives play an increasingly important role worldwide in poverty reduction, facilitating job creation, economic growth and social development (Gibson, 2005).

Cooperatives are viewed as important tools for improving the living and working conditions of both women and men. Since the users of the services they provide owned them, cooperatives make decisions that balance the need for profitability with the welfare of their members and the community, which they serve. 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).

As governments around the world cut services and withdraw from regulating markets, cooperatives are being considered useful mechanisms to manage risk for members and keep markets efficient (Henehan, 1997).

In a number of ways, cooperatives play important role in global and national economic and social development. With regard to economic and social development, cooperatives promote the “fullest participation of all people” and facilitate a more equitable distribution of the benefits of globalization. They contribute to sustainable human development and have an important

role to play in combating social exclusion. Thus the promotion of cooperatives should be considered as one of the pillars of national and international economic and social development (Levin, 2002).

In addition to the direct benefits they provide to members, cooperatives strengthen the communities in which they operate. According to Somavia (2002) cooperatives are specifically seen as significant tools for the creation of decent jobs and for the mobilization of resources for income generation. Many cooperatives provide jobs and pay local taxes because they operate in specific geographical regions. The cooperatives can provide locally needed services, employment, circulate money locally and contribute to a sense of community or social cohesion. Through these, cooperatives will contribute to economic development.

CONCLUSION

Cooperatives the world over 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). Cheney (1995) identified five challenges facing cooperatives. These are cultural transformation, competition and expansion, age solidarity, centralization and reorganization, and programmes to increase productivity and participation. Groves (1985) on the other hand, posits that one of the major problems of cooperatives is how to keep balance in the two parts of cooperative business, efficiency and democracy since those who are charged with the operation of a cooperative chiefly the board and manager must serve two masters: the imperatives of good business practice and the social purpose of a community of people. Hence, to maintain their special character, cooperatives must be two things in one: a business organization and a social movement. This is what makes a cooperative a business enterprise with a human face and so, very difficult to manage. In striving for efficiency, cooperatives often tend to imitate other business, but in pursuing a social purpose they bring out the features, which make them different (Laidlaw, 1974).

In addition, the cooperative sector suffers from an internal handicap of its own making: the frequent failure of various types of cooperatives to work closely together as a sector. Because of their voluntary and democratic nature, cooperatives have been reluctant to impose strict disciplines on themselves - they much prefer to act by common consent and persuasion. Often, management of cooperatives relies on relationship or is moved by sympathy to act against even the societies' bylaws. This indeed has a lot of repercussion particularly in the developing economies and is against the 6th principle of cooperatives: Cooperation among Cooperatives.

A cooperative is a unique form of business used by people and businesses for their mutual benefit. Regardless of its purpose or membership, starting a cooperative requires considerable time, energy, commitment, and technical resources. Recognition of a common need is fundamental to the formation and successful operation of a cooperative. Potential members must devote much time and energy to developing their new business. A cooperative requires

member commitment to finance and use the business and select knowledgeable directors who hire a competent manager. A strategic business plan is important to harmonize all of the elements for the cooperative's success.

In order to achieve their maximum strength and effectiveness, cooperatives of various kinds must regard themselves and, as far as possible, act as a distinct sector within the national economy of any country. As business organizations, cooperatives are partly private, partly public, but essentially different from both private enterprise and public enterprise. They are a "middle way", an economic sector in their own right.

Governments are expected to provide a supportive policy, legal and institutional framework, provide support measures based on activities, provide oversight on terms equivalent to other forms of enterprise and social organization, adopt measures to improve access to finance for disadvantaged groups, and topically, to promote the formalization of the informal economy. Government can contribute significantly to improving cooperative performance by facilitating access of cooperatives to support services, particularly support to cooperative human resource development.

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