



Role of Cooperatives in Sustainable Rural Development in India

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Abstract

Co-operative is 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. Main features of cooperative movement are Voluntary, Open Ownership, Democratic Ownership set up, Owner's Economic Participation, autonomy and Independence which makes it an important player in sustainable development. Cooperatives societies are mainly focused on rural economy or agricultural sector and face a lot of economic and social problems like poverty, inequality, gender injustice, lack of social cooperation, lack of capital for investment etc. regional distribution is quite unsatisfactory and far away from the agenda 2030 of sustainable development. But still it is playing important role in sustainable development of rural India.

Introduction

The International Co-operative Alliance (Alliance) and the International Labour Organization (ILO) define a co-operative 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." Main features of cooperative movement are Voluntary, Open Ownership, Democratic Ownership set up, Owner's Economic Participation, autonomy and Independence, Educational help, Training and Information, Cooperation among Cooperatives, Concern for the Community. These principles are backbone of the sustainable development. The co-operative form of organization is a democratically set up run by its owners for serving the interests of all of them. It is a mutual benefitting system. it is good tool for protecting interest of weaker section of society. The main purpose of cooperatives is to self help of the member of the society. This may of different kind based on the work done by its member such as producer society, consumer society, distributor society etc.

Main advantages of this movement are easy formation, democratic setup, easy membership, limited financial burden on the members, govt. financial assistance, tax concession, equality etc. main drawbacks are limited capital formation, managerial inefficiency, conflict among members, lack of professionalism, no secrecy in planning etc. but along with above drawback cooperative setup is best suited to underdeveloped and developing countries in sense of both social and economic equality.



International cooperative movement

Cooperative movement started in Europe in 19th century when industrialization and mechanization took jobs of many workers. Credit of making cooperatives popular goes to Robert Owen (father of the cooperative movement) who wanted to improve the living conditions of his workers at his cotton factory. The global development of cooperatives goes to the work of the International Co-operative Alliance (ICA). This is the highest body to take forward cooperative movement established in 1895 and is a non for profit organization. All the major cooperatives are part of it .17 % of world population are linked with movement. Major sector for its working are banking, agriculture, insurance, fisheries, health, housing etc. United nation has been very active in promoting cooperative movement for social, economic and cultural development all around the world. ICA and united nation, by the (COPAC) committee for the promotion and advancement of cooperation working hard to spread the importance of the cooperatives societies via different means to solve the problem like inequality and poverty reduction. The Committee for the Promotion and Advancement of Cooperatives (COPAC) which is multi-stakeholder partnership of global public and private institutions champions and supports people-centered and self-sustaining cooperative enterprises as leaders in sustainable development.

International day of cooperatives is celebrated all around the world under the guidance of the UN and ICA to promote the idea of cooperatives since 1995 with different slogan every year. Theme for the cooperative day 2018 is "sustainable consumption and production of goods and services".

ICA and ILO has taken steps to fulfill the agenda of (SDG) sustainable development goal 2030 as these goals are much close to the principles of cooperative movement.

Cooperative movement in India

Cooperative movement came in practice when cooperative credit society's act 1904 was passed. This was later modified many a times to meet the timely requirement of the cooperative societies. After independence much importance was given to cooperatives in different five year plans. Govt. of India announced national policy on cooperatives on 2002 to make cooperatives in India more balanced and permanent feature. At the same time article 43, 14 and 19 of constitution requires government to nurture this movement. 12th ICA conference held at the Delhi.

The National Cooperative Union of India, (NCUI) is the highest body representing the all cooperative societies in the India. It was founded in the year 1929 as All India Cooperative Institutes Association and was reorganized as Indian Cooperative Union through the merger of Indian Provincial Cooperative Banks' Association with All India Cooperative Institutes Association and later in 1961 as National Cooperative Union of India.



The National Cooperative Development Corporation (NCDC) was founded by an Act of Parliament in 1963 as a statutory organization under the Ministry of Agriculture & Farmers Welfare to plan, promote, process, market certain agriculture and rural products. It also finances many rural projects. Loans are also provided to state government to nurture cooperative movement.

At present in India there are about 6 lakh cooperative working in different sectors. total membership under these cooperative is 2419 millions, which make its largest in the world. These provide employment up to 17 million people. Main sector of its working are agriculture, banking, fisheries, weaving, fertilizers, sanitation, dairy, housing, women issues, handloom, and labor etc.

Cooperatives societies are mainly focused on rural economy or agricultural sector. India being a developing nation with majority of rural population engaged in agricultural sector faces a lot of economic and social problems like poverty, inequality, gender injustice, lack of social cooperation, lack of capital for investment etc. in such a scenario, cooperatives societies best suited mechanisms for overall economic and social solution to all above problem.

Literature review

Driver, P. (1963). found that Indian farmers can be helped by us co-operators but they should be made fully aware of the condition prevailing in India such as small size of farms and low use of technology. Requirement and difficulties faced by Indian farmer is quite different from us.

Anandaram, K., &Dubhashi, M. (1999). cooperatives can be an effective tool of economic and social development in India. Attempts on part of the govt have been good in past so good has been the result of cooperatives movement in India. By and large they have fulfilled their expectation. In some area of economy cooperative had played transformational role as well as in some region.

Baviskar, B. (2007). Found that there are a large number of cooperative in state of Maharashtra speciality in sugar and cotton sector. but now it has been stagnant and role of the state had been declined as a supervisory a than controlling.

Soboh, R., Lansink, A., (2009). Classified the methods of performance measurement in cooperative sector on different bases. Empirical and theoretical measurement also provides different result. so study should be objective based.

Iliopoulos, C., &Hendrikse, G. (2009). Found that influence costs are major problem in the governance structure of "agribusiness cooperative." Influence cost is higher in cooperatives than in investor-oriented firms due to the govt setup. The main findings are that different member preferences, higher average age member, and investment in many



product lines all increases influence costs. At the same time, cooperatives with well-paid, trained, and professional managers' bears lower influence cost

Mitra, R. (2014). Cooperatives defined "a cooperative as an association of women and men who come together to form a jointly owned, democratically controlled enterprise where generating profit is only part of the story. Cooperatives put people before profit. They also help their members achieve their shared social, cultural and economic aspirations. A cooperative is a social enterprise that promotes peace and democracy."

Tapia, F. (2012). Found that emergence of cooperatives was uneven by region and it was higher where small and middle farmers' exist. social networks for irrigation and human capital were main factors for cooperatives development.

Shah, T. (2012). Found that story of amul's success has been a motivating factor for cooperative movement in India. Principles laid down by him are still guiding to rest of cooperative societies in India and world. The many institutions built around the national dairy development board owe their existence to Kurien and his goal of building a strong Indian dairy industry. He also founded the rural Management institution Anand (IRMA).

Yusuke Noguchi, R Gupta, (2012), searched the possibility of the conservation of mangrove tree from the all expected threats by involving local people and forming some kind of cooperatives.

Trehan M. Vijay K (2011) demonstrated how TQM principles are used in traditional cooperative to improve their performance. These are also helpful for continuous improvement. Implementation of modern methods can increase productivity tremendously along with labour management relations.

Torri, M. (2012). Examined the gmcl (gram mooligai limited company) a self help group based company led by women. It not only brought female from different section on single platform but also explore the possibilities of women capacities underestimated by other nongovernmental and govt. organizations

Datta, R. (2003). Studied how development policies affect women empowerment their decision making and well being in developing countries. This is a case study of the Self-Employed Women's Association (SEWA) in India, a trade union for self-employed women and how it used different methods to get desired results.

Murthy, R., Sagayam, J., (2008). Argued that there is no direct link between empowerment of women and financial support given to them by different methods. There needs to be uses of some other methods to uplift them along with financial support.

Research gap

There has been a lot of work on cooperative both national and international level. But a continuous study is necessary to see whether it is proving desired results and going towards right direction. To test it a study can be done that what is the role of cooperatives



on employment generation, women empowerment and regional balanced development in India.

Research methodology

The study was mix of qualitative and quantitative research more focused on the long term performance of the cooperatives in rural India. Quantitative factors studied are mainly concerned to no. of cooperative in India and their production share in different sectors of rural economy. Qualitative factors studied are financial performance and satisfaction of its members. Secondary data is used for this purpose. Various governments, specialized organization reports and websites were referred for this purpose.

Contribution of Cooperatives in national economy (2014-15)

(Sectors)	(In percentage)
Rural Network (no of Villages Covered)	98
Total Agricultural Credit Distributed by Cooperatives:	16.9
Short Term Agricultural Credit Distributed by Cooperatives	20
No of Kisan Credit Cards	38.3
Fertilizer Distributed	36
Fertilizer Production	28.3
Total Capacity of Fertilizer Manufacturing	26.3
Total Capacity of Fertilizer Manufacturing Units	30.3
Total Number of Sugar Factories	48.2
Sugar Produced	39.7
Capacity Utilization of Sugar Mills	44.7
Wheat Procurement	24.7
Paddy Procurement	14.8
Total retail Fair Price Shops	20.3
Milk Procurement to Total Production	7.85
Milk Procurement	16
Ice Cream Manufacture	45



Oil Marketed (branded)	49
Handlooms in Cooperatives	54
Fishermen in Cooperatives (active)	23
Rubber Procured and Marketed	18.5
Total nut processed and marketed	15
Salt Manufactured	7.6
Direct Employment created	1.22 Million
Self-Employment Generated	16.58 Million

Source: - National Cooperative Development Corporation official site ncdc.in

The above facts show that cooperative share in different economic sector is quite good and this progress can be termed as a sustainable one. Further this contribution is quite competitive on international facts.

Cooperatives and sector wise financial condition

Sector or area	No of societies	Total membership	Paid up capital(lakh)	Working capital(lakh)	Sales (lakh)turnover
Marketing cooperatives	7202	6105898	34031	196812	830808
Diary	144729	14478852	38723	26188	21989
sugar	226	5927475	422459	31879	56892
Primary agriculture	93413	121224480	755116	3723815	14822189

Source: - National Cooperative Development Corporation official site ncdc.in

Above data shows that total membership and financial position is quite satisfactory in different sectors. But sector wise fluctuations do exist.

Cooperatives and state wise distribution in India

State wise distribution of cooperatives in India is unsatisfactory. All states can be divided into three categories for this purpose.

1. Cooperatively advance states.....Kerala, Gujarat and himachal Pradesh
2. Cooperatively backward states.....Bihar, Jharkhand and north eastern states
3. Cooperatively moderate states.....rest of the states



At the same time the differences between these categories is quite wide. so this may not be termed as a sustainable development.

Conclusion

From the point of first and second objective development of cooperatives is quite good fulfilling the expectation of the sustainable rural development. Share of the cooperatives societies is good in all rural sectors. Financial condition of cooperatives is also good. But the regional distribution is quite unsatisfactory and far away from the agenda 2030 of sustainable development. This study has explored different aspect of the cooperative movement in India. Focus can be drawing on weak performance areas of the cooperatives' such as regional unbalances in policy formulation of the cooperatives.

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