CHAPTER – 1

INTRODUCTION
1. Introduction

Old social and cultural practices motivated by interpretations of religious sanctions and illiteracy hinder women’s freedom to opt for various choices to assert greater mobility in social interactions. Resulting from these situations, women’s contribution to agriculture, organized, unorganized sector and other segments in the economy remain concealed and unaccounted for in monitoring economic performance measurement. Consequently, they are generally invisible in plans and programs. They were, in fact, discriminated against by stereotypes which restrict them to a mere reproductive role, and denied access to resources which could eventually enhance their social and economic contribution to the society. (Prakash as cited in Reddy and Reddy, 2010)¹

India ranks 114th out of 134 countries covered by the Global Gender Gap Index, 2009 by World Economic Forum.

In order to survive in a restrictive social cultural environment, that fosters gender inequality women have adopted alternative economic means such as informal sector activities and grassroots economic structures including co-operatives. In the context of social and spatial marginalization, this research analyzes how these

income-generating activities allow women to exercise their choice and prioritize their needs.

Whatever the goal envisioned, self help groups and co-operatives are two organizational strategies often employed by underprivileged women to generate income. Through these structures, women gain access to services such as credit and training, send representatives to bodies that affect their work, and also gain a voice in political processes.

Findings by Datta and Gailey (2012)\(^2\) illustrate how women in a strongly patriarchal society like India can successfully engage in collective entrepreneurship as a means to achieve economic and social empowerment.

Co-operatives are particularly suited to the needs of many women who desire mutual support without the formality of bureaucratic and hierarchical structures. Women have responded to lack of organization and to their exclusion from resources and services, by organizing in less structured and formal networks. The benefits of networking include exchanging information and experience, maximizing the impact of local action, and breaking down barriers that appear to separate women in different situations. (Bullock, 1994, p.125)\(^3\)

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1.1 What is co-operative?

Co-operatives are organizations set up to achieve economic and social benefits for their members through and as a group and are characterized by democratic control and the equitable distribution of both costs and benefits. The establishment and growth of co-operatives should be regarded as one of the important instruments for economic, social and cultural development as well as human advancement in developing countries. (International Labor Organization (ILO), 1966)\(^4\)

Women’s participation in the cooperative movement has increased along side the worldwide growth of this movement. Special attention was paid to the increasing role of women in co-operative development, and women's participation in co-operative institutions managed by women, or in which they play an important role, were supported by many international agencies like World Bank and UNDP. The integration of women in co-operatives received particular attention in many of these projects (ILO, 1987, pp.55-65)\(^5\).

Ranging from small-scale to multi-million dollar businesses across the globe, co-operatives are estimated to employ more than


100 million women and men and have more than 800 million individual members. Because co-operatives are owned by those who use their services, their decisions balance the need for profitability with the wider interests of the community (Smith, 2004, pp. 21, 69)⁶

Cooperatives have been playing an important role in improving the economic conditions of Indian women by providing them employment and income generating opportunities. Large number of Indian women works in unorganized sector which is unable to provide any sustainable benefits or social security. Cooperatives attempt to balance individuals’ needs with those of the community as a whole by encouraging individual empowerment within the structure of membership and responsibility to the group. Without meaningful skills, social status, and economic power, they are unable to do any business on their own even with financial assistance. (The George Foundation, 1995, Para 6)⁷

In an article on cooperatives Langmore (1996)⁸ says that cooperatives promote “the material conditions and well-being of members through their acting in concert; members have a greater say over their lives through their voluntary association in organizations controlled freely and democratically by the members.” (pp. 73-76)

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1.2 History of cooperative movement in India

Fundamentally, the cooperative movement was the response of an imperial Government to agrarian riots which took place in the Deccan in the late 19th century. These riots in Pune and Supe, brought to the attention of the then Government that farmers were indebted to money lenders. This was evidenced by the fact that large scale transfers of agricultural lands by ryots in favour of money lenders had steadily been taking place. The agrarian riots prompted the British Government to give an impetus to the system of Taccavi loans to farmers, bring in regulations regarding money lending, and initiate cooperative legislation as an alternative – and competing - credit delivery mechanism to money lenders (Thorat, 2005).

The Cooperative Movement in India was formally introduced with the promulgation of Cooperative Societies Act in 1904. It was enacted to enable formation of "agricultural credit cooperatives" in villages in India under Government sponsorship. With the enactment of 1904 Act, Cooperatives were to get a direct legal identity as every agricultural Cooperative was to be registered under that Act only.

The 1904 Cooperative Societies Act was repealed by 1912 Cooperative Societies Act which provided formation of Cooperative

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9 Thorat, Y.S.P. Managing Director NABARD,(2005), text from keynote address delivered at Round Table on Cooperative Banking ,organized by the College of Agricultural Banking (CAB) at Pune to commemorate 100 years of Cooperative Movement in India, p.48 retrieved Oct 20th, 2010 from cab.org.in/CAB%20Calling%20Content/Credit%20Cooperatives%20at%20the%20Crossroads%20(Special%20Issue)
societies other than credit. Under 1919 Administrative Reforms Act, Cooperatives was made a provincial subject making each province responsible for Cooperative development.

In 1942, the British Government enacted the Multi-Unit Cooperative Societies Act, 1942 with an object to cover societies whose operations are extended to more than one state.

The impulses of the Indian freedom movement gave birth to many initiatives and institutions in the post independence era. Since ‘Cooperative Societies’ is a State Subject (Entry 32 of List II of Seventh Schedule to Constitution, i.e. State List), the cooperative societies formed under State Acts have to restrict their activities to only one State.

This hinders growth of cooperative societies. Hence, Multi State Cooperative Societies Act was passed in 1942. It was later replaced by 1984 Act. This 1984 Act is replaced by 2002 Act. It was further revised as, Multi-State Cooperative Societies Act, 2002 (Das, Palai and Das, 2006).

1.3 What is Unorganized/Informal Sector?

The first National Commission on Labour (1966) under the Chairmanship of Justice Gajendragadkar defined the unorganized sector as that part of the workforce 'who have not been able to

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organize in pursuit of a common objective because of constraints such as (a) casual nature of employment, (b) ignorance and illiteracy, (c) small size of establishments with low capital investment per person employed, (d) scattered nature of establishments and (e) superior strength of the employer operating singly or in combination."

The Commission listed “illustrative” categories of unorganized labour: These are: (i) contract labour including construction workers; (ii) casual labour; (iii) labour employed in small scale industry; (iv) handloom/power-loom workers; (v) beedi and cigar workers (vi) employees in shops and commercial establishments; (vii) sweepers and scavengers; (viii) workers in tanneries; (ix) tribal labour; and (x) ‘other unprotected labour’ (Justice Gajendragadkar, 1969 as cited in Report of National Commission on Labor, 2002, p. 597)\textsuperscript{11}. 

1.4 Women employed in unorganized sector

Women workers doing informal work include all those women who work and who do not have any legal or social protection. Women workers are exploited because they are socially backward, unorganized, uninformed, and poor. Moreover their work is also characterized by its casual nature, lack of basic amenities and inadequacy of welfare facilities. (Nuzhat and Patil, 2010)\textsuperscript{12}

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The National Commission on Self-Employed Women and Women Workers in the Informal Sector (NCSEW), set up in 1987 under the Chairpersonship of Smt. Ela Bhatt \(^\text{13}\), recommended enlarging the definition of work done by women to include all paid and unpaid activities performed within the home or outside as an employee or on 'own account.' It noted the flagrant violation of statutory provisions regarding payment of wages, safety regulations, and provision of housing and medical facilities, accident compensation and so on. It viewed the existing trends of exploitation, undue harassment and lack of legislation to regulate conditions of employment, social security and security of employment.

It observed that the rates of minimum wage are low. Despite the Equal Remuneration Act 1976, wage discrimination is widely prevalent. The Commission concluded that there is a tendency to classify the tasks generally done by women as those of a slightly inferior nature.

In the view of the NCSEW, the single most important intervention towards improving the economic status of poor women working in the informal sector of the economy would be to devise strategies which would enhance their ownership and control over productive assets. It recommended stringent observance of existing labour laws and the introduction of deterrent penalty clauses.

Several laws have been enacted to emancipate Indian women from these problematic social practices. Nevertheless, women in India continue to be in a disadvantaged position. The national infant mortality rate (IMR) is declining gradually, but the female IMR is always higher than the male IMR. There is also growing concern over female feticide rate in India which is leading to very adverse sex ratio and hostility towards girls. (SRS, 2005)\(^{14}\)

Majority of women employees in India are engaged in informal sectors jobs where there is no clear employer-employee relationship, where work is arduous, working conditions dirty, drudgeries and dangerous, wages low, occupational safety and health abysmally poor and social security virtually absent. Thus they have less time, energy and opportunity, particularly because they need to go home after work and tend to domestic chores, usually without support from the male members of the family. (Venkata and Harish, 2002)\(^{15}\)

1.5 Government initiatives in cooperatives

The National Cooperative Union of India (NCUI), the apex organization of the Indian Cooperative Movement traced back its origin in 1929, when All India Provincial Cooperative Institutes Association came into being with Shri Lallubhai Samal Das Mehta as its first President. Having been reorganised as Indian Cooperative Union, it


was renamed later as All India Cooperative Union in 1954 and re-christened as National Cooperative Union of India in 1961.

The NCUI is confederation of cooperatives, and therefore its membership is open to national level, state level sectoral cooperative organizations as well as multi state cooperative societies. The membership is also open to the parastatal cooperative organisations.

The membership of the union as on 31st March 2010 stands as 204.

### 1.5.1 List of NCUI Members
(Source: National Cooperatives Union of India [NCUI], 2010)

<table>
<thead>
<tr>
<th>Category</th>
<th>Members</th>
</tr>
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<tbody>
<tr>
<td>I. National Federations</td>
<td>17</td>
</tr>
<tr>
<td>II. Multi State Cooperative Societies</td>
<td>38</td>
</tr>
<tr>
<td>III. State Cooperative Unions</td>
<td>31</td>
</tr>
<tr>
<td>IV. State Cooperative Banks</td>
<td>18</td>
</tr>
<tr>
<td>V. State Coop. Agri. &amp; Rural Dev. Banks</td>
<td>14</td>
</tr>
<tr>
<td>VI. Marketing Federations</td>
<td>16</td>
</tr>
<tr>
<td>VII. Consumer Federations</td>
<td>8</td>
</tr>
<tr>
<td>VIII. Housing Federations</td>
<td>10</td>
</tr>
<tr>
<td>IX. Urban Banks Federations</td>
<td>10</td>
</tr>
<tr>
<td>X. Tribal Federations</td>
<td>2</td>
</tr>
<tr>
<td>XI. Other Sectoral Federations</td>
<td>23</td>
</tr>
<tr>
<td>XII. Miscellaneous</td>
<td>17</td>
</tr>
</tbody>
</table>
Cooperation is a State subject. Moreover, the structure of cooperative movement in India is federal i.e. primaries at the grass root level which are federated to district level federations and further federated to state level. These societies look forward for guidance from NCUI as the nodal agency of research. Besides, there exist 21 National level sectoral federations which are responsible for the development of their respective sectors (National Cooperatives Union of India [NCUI], 2010)\(^6\).

1.6 Limitation of Government in Building Robust Cooperatives

The cooperative system was a creation of the State and did not grow out of the soil of India. The entire initiative was driven by the State. It was imposed as being necessary and desirable. This is intriguing, because in other countries like England, the cooperative system originated as a ground level response to some of the ills of Industrial Revolution. Yet ironically, when the same Government applied this to its colonies, it did so as a supply driven model. The effect is – and research bears it out - that wherever cooperatives have emerged as grass root movements, they have had a much higher chance of success than where they have been “implanted” - whether by a colonial government or the democratic government of a free nation (Thorat, 2005)\(^7\).


\(^7\) Thorat, Y.S.P. Managing Director NABARD.(2005), text from keynote address delivered at Round Table on Cooperative Banking, organized by the College of Agricultural Banking (CAB) at Pune to commemorate 100 years of Cooperative Movement in India, p.48 retrieved Oct
1.7 Problems of cooperatives in India

Governance problems that plague co-operatives also account for their poor reputation and neglect by policymakers and the wider public. Among the most salient governance problems often found in cooperatives are: (Das and Palai, 2006)\(^\text{18}\)

- Lack of responsiveness from federal organizations towards the needs of their member organizations.
- Working of different cooperatives in isolation rather than unified system
- Conflicts between profitability and the social objectives of the cooperative
- Lack of participation of user-members and outside interference
- Lack of professional management and opaque decision making
- Lack of adequate infrastructure, poor resource mobilization
- Lack of capability to withstand competition, over-dependence on government for financial assistance
- Lack of clear rules on how to adapt strategic objectives to changes in the market environment.

When these problems emerge publicly in corruption cases, they have a direct impact on the image and reputation of co-operatives. Co-

operative practitioners are well aware of the problems and challenges that they face; assistance should come in the form of practical tools to tackle governance problems.

In creating a governance toolkit and defining the components of a good corporate governance framework, it is important to address three key elements:

1. Recognition of the essential problem of corporate governance – in an enterprise, many people act with equal powers but delegate authority to a small group.

2. Accountability for the people to whom power and authority have been delegated.

3. Agreement on “the rules of the game” of how risks and rewards will be shared among members (Global Corporate Governance Forum Report, 2007, pp 6-7)\(^\text{19}\)

1.8 New Challenges for Cooperatives

The process of cooperative formation, though stressful, was found to be developmental one which built skills and attitudes women need. Furthermore, personal and group development, were found to be facilitated in the situation where the regulations were adapted to the women’s needs. (Ladipo, 1981)\(^\text{20}\)


The Co-operatives are today at the cross road at their existence, particularly in view of the fast emerging economic liberalization and globalization. (Overseas Cooperative Development Council (OCDC), 2007)\(^{21}\)

- 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.

- Since the government now has withdrawn support, due to changed economic priorities, many cooperatives encounter difficulties in generating their own resources and have to completely reorganize themselves to survive and succeed in a competitive environment, without depending on any state support.

- Internal and structural weaknesses of cooperative institutions, combined with lack of proper policy support have neutralized their positive impact and resulted partly in the mismanagement, inefficiency and corruption in the financing of cooperatives. This has necessitated the need for a clear – cut policy on co-operatives, to enable sustained development and growth of healthy and self-reliant cooperatives.

The researcher has taken up this study in the light of above challenges that questions the relevance of cooperatives as agency of transformation in the sphere of women empowerment and socio economic development of nation.

1.9 Purpose of Study

The research compares the level of empowerment among women employed in cooperatives with women employed in unorganized sector.

Grass root organization of cooperatives is popular model for development of society and women in particular; the research aims to study effectiveness of cooperatives in socio economic development of women. Women engaged in informal sector are necessity-entrepreneurs engaged in low-paid, menial, exploitative work in the absence of alternative means of livelihood (Chen et al. 2004) (cited by Colin and Anjula, 2010)\textsuperscript{22}.

The research explores the status of women workers in India and under-representation of women in cooperatives, which together undermines the empowerment of women.

1.9:1 Status of women workers in India

Women workers face serious problems and constraints related to work such as lack of continuity, insecurity, wage discrimination,

unhealthy job relationship, absence of medical and accident care etc. The exploitation of female labourers in different regions happens both horizontally and vertically. It is time to address the challenges and discuss the kind of policy reforms and institutional changes required for the emancipation and empowerment of female labour force. Empowerment should aim at changing the nature and direction of the power structures which marginalize the women labourers. (Sengupta, 2010)²³

This empowerment is brought about by grass root movement of cooperatives. Dwelling on this issue further, the research has focused on following:

➢ **Relevance of cooperatives in empowering women**

Cooperatives, like other forms of enterprise, reflect the broader society in which they operate, therefore gender imbalances do exist, despite the cooperative principles and values that proclaim equality and equity.

The importance of cooperative organization in social development, poverty reduction, employment creation and participatory development has been highlighted by the United Nations (2001). Cooperatives provide a means by which disadvantaged groups can work together, sharing risks, to solve

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their common problems. Cooperatives are also seen to play a particular role in community regeneration, mobilizing local strengths and capacities to address local needs, building on community networks and retaining wealth within the local area. (Jenny, 2006)\(^{24}\)

- **Constraints of women employed in unorganized sector against their active participation in cooperatives**

Women, especially in our country, are confronted by formidable constraints that block their active participation in cooperatives. First and foremost, among these constraints is the traditional role of women in society and the prevalent misconception that women's reproductive and domestic responsibilities constitute their main role. This places women at the margins of the cooperative business world. It restricts their choice of economic occupations and opportunities and is the root cause of their heavy work burden and time constraint. Carrying out income-earning activities in addition to their non paid work as mothers and home-makers, often leaves little time or energy to attend meetings or carry out other additional tasks. (Jhabvala and Sinha, n.d)\(^{25}\)


Access to resources by women employed in cooperatives and those employed in unorganized sector

Women's access to capital, raw materials, land, appropriate technology, commercial contacts, family labour, etc. is often restricted. They face unfair competition for these resources, receive limited information and rarely take part in decisions on the allocation of these resources and inputs. All these factors circumscribe the economic opportunities open to women and women's groups. (Hyde, 2002)²⁶

1.9:2 under representation of women in co-operatives

Among the most important gender issues in cooperatives today are women's low level of active participation and their under-representation in decision-making and leadership. Women’s participation in formally registered mixed cooperatives remains low as compared to men. Socio-economic and cultural conditioning over the ages, account for their low confidence levels and lack of leadership skills, linked with the obvious lack of opportunities for education, training or exposure, communication and networking. (ILO, 2005)²⁷

There are formal and informal prejudices about what women can and cannot do. These sometimes prevent women from full

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participation in co-operative activities. Laws, and even co-operative rules and by-laws, sometimes hinder women's membership in cooperative societies. (ICA, 1983)\(^{28}\)

Religious rules and traditions may also impede women's participation in cooperatives. Rural women in developing countries often work long hours. The working day for many women in developing countries leaves little time for active participation in co-operative activities. Knowledge is necessary to enable people to take an active part in the management of co-operatives. Women in developing countries often lack the basic education which is necessary for further training in such kind of management positions in cooperatives. (Assefa and Tadesse, 2012)\(^{29}\)

1.10 Participation in Cooperatives and Women Empowerment

Women’s empowerment is essential for ensuring not just their personal or household welfare, but also the wellbeing of the entire society as women are seen to be the primary guardians responsible for altering the quality and quantity of human resources available in a

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country to promote sustainable development in the coming generations
(United Nations Population fund (UNFPA), 2005)  

In 2000, at the United Nations Millennium Declaration General Assembly, the UN identified eight, Millennium Development Goals (MDG) to be achieved by year 2015. They are as follows:

MDG 1: Eradicate extreme poverty and hunger
MDG 2: Achieve universal primary education
**MDG 3: Promote gender equality and empower women**
MDG 4: Reduce child mortality
MDG 5: Improve maternal health
MDG 6: Combat HIV/AIDS, malaria and other diseases
MDG 7: Ensure environmental sustainability
MDG 8: Develop a global partnership for development

Promoting gender equality and empowering women, one of the eight MDG goals, is the key to achieving the other seven goals.

The Government of India had ushered in the new millennium by declaring the year 2001 as 'Women's Empowerment Year' to focus on a vision 'where women are equal partners like men'.

The last decades have witnessed some basic changes in the status and role of women in our society. There has been shift in **policy approaches from the concept of 'welfare' in the seventies**

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30 UNFPA, United Nations Population Fund, is an international development agency that promotes the right of every woman, man and child to enjoy a life of health and equal opportunity. UNFPA supports countries in using population data for policies and programmes to reduce poverty and to ensure that every girl and woman is treated with dignity and respect retrieved November 15th, 2010 from www.unfpa.org


32 MDG retrieved December, 10th, 2009 from http://www.unfpa.org/public/home/sitemap/icpd/MDGs/MDGs-basics
to 'development' in the eighties and now to 'empowerment' in the nineties.

This process has been further accelerated with some sections of women becoming increasingly self-conscious of their discrimination in several areas of family and public life. They are also in a position to mobilize themselves on issues that can affect their overall position. (National Policy for Empowerment of Women, 2001)

Gender inequality is rooted in social stratification based on the roles and responsibilities assigned to men and women and the differential valuation of these roles. Thus women’s position and degree of empowerment is determined by the ways that gender identities, gender roles and gender relations are conceived at the family, household, community and societal levels. The differential valuation of the tasks performed by men and women remains the root cause of attitudes that result in differential investment in men and women with regard to such development forces as education, skill formation, and income generating activities. (Njogu and Orchardson-Mazruie, 2005)

It is obvious that participation in inclusive social networks has positive consequences for economic development and grass root governance. The central government should make registration of social

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organization much easier and abolish any institutional barriers for the formation of spontaneous peasant’s organizations. (Xia Min, 2009)\(^{35}\)

The cooperative sector is experiencing a renaissance despite many difficulties with greater number of women cooperatives. One of the great attractions of cooperatives and development field has been the link made between women participation in cooperatives and empowerment of women. (United Nations, 2010)\(^{36}\)

Poised at the intersection of poverty alleviation and empowerment, women cooperatives offer planners and other researchers the opportunity to study whether these two issues can be engaged simultaneously, and to examine if there is sufficient difference in empowerment levels in comparison with self employed women who are not part of cooperatives in unorganized sector.
