3.1 Introduction:

In this chapter, a modest attempt has been made to discuss the varied literatures that have relevance to our topic on Co-operative Movement in Mizoram: Problems and Prospects. This has been a humble attempt on the part of the researcher to examine different studies, which bring into focus the part played by co-operative societies.

Literatures on co-operative movement have been divided into the following categories:

1. Genesis of co-operative movement.
2. Co-operatives and credit.
4. Types of co-operatives.

5. Co-operative and economic development

3.2 Genesis of Co-operative Movement:

Several writings exist in regard to the evolution of co-operative movement in India and the world. Various articles and books has been published about the origin of the movement in various parts of the world. A few of the literature related to this may be reviewed here.

Fredrick O.Waryama (2009) has traced the development of co-operative in Kenya in ‘Servicing Liberalization : the co-operative movement’. It is over a decade since the liberalization of the co-operative movement in Kenya, which sought to create commercially autonomous member-based co-operatives that would be democratically and professionally managed; self-controlled; and self-reliant business ventures. However, since then very little is documented and communicated about the unfolding status of the movement. The purpose of this paper is to highlight the current trends, structural organization and performance of co-operatives in Kenya. A quick appraisal of the situation reveals that co-operatives have largely survived the market forces and continued to grow in number, membership and income. The market forces have triggered a structural transformation and have seen the fading away of the inefficient co-operatives, including the national federation and some co-
operative unions, as primary co-operatives seek better service provision. Similarly, co-operatives are increasingly diversifying their activities and introducing innovative ventures in order to respond to their members’ needs. The well-adapted co-operatives are subsequently recording better performance than they did the previous era. The datum that informs this decision was obtained from qualitative interviews with selected leaders of co-operative organizations. In addition, purposive sampling was used to inform selection of field research sites13.

Henry Osando (2008) of the Bowling Green State University has traced “The Economic and social role of the Co-operative Movement in Kenya: Towards Stability and Profitability.” In this book, he states that economic and social role of the co-operative movement in the world is enormous. Co-operatives are the only enterprises that put people at the center of their business and not capital. They are defined in terms of three basic interests: Ownership, control and beneficiary (vested in the hands of the user). It is estimated that over 800 million people in the world are members of a co-operative, providing 100 million jobs, 20 % more than multi-national

13 Waryama, Frederick O.: ‘Servicing Liberalization : the co-operative movement’. Coop AFRICA working paper No.10. (The Co-operative facility for Africa (Coop AFRICA) is a technical cooperation programme of the ILO contributing to the achievement of the Millennium Development goals and the promotion of decent work in Africa by promoting self-help initiatives, mutual assistance in communities and cross-border exchanges through the co-operative approach. Coop AFRICA is located in the office of ILO for Kenya, Somalia, Tanzania and Uganda).
enterprises. In 1994, United Nations estimated that the livelihood of nearly 3 billion of the world population was made secure by co-operative enterprises, (ICA). In Kenya, the co-operative movements contribution to economic and social needs of the people for the last 100 years cannot be over emphasized. The co-operative movement is one of the nationally organized institutions available to all cadres of people. There is the potential for its growth owing to member loyalty and government support. However, the inadequate legislation (Cooperative Society’s Act No. 12, 1997) opened room for mismanagement of the society’s assets coupled with lack of support from the then regime. The above and other factors weakened the co-operative movement which is the leading in Africa in terms of national savings. In 2003, the Ministry of Co-operative Development was re-established and the Co-operative Act (No. 12, 1997) amended to strengthen supervision of the societies. There are both external and internal threats facing these institutions which support directly and indirectly an estimated 63 % of the Kenyan population. However, with the adoption of proper and unable strategies as discussed therein, the co-operative movement will regain its loss glory and return to profitability. By putting cooperative principles and ethics in practice, they promote solidarity and tolerance and create wealth.\(^\text{14}\)

\(^{14}\) Osando, Henry: ‘The Economic and social role of the co-operative movement in Kenya : Towards stability and profitability.’ Bowling Green State University, College of Education and Human
Caroline J. Kroeker’s article, ‘The Co-operative Movement in Nicaragua: Empowerment and Accompaniment of severely disadvantaged Peasants’ is based on over seven months of participation observation in an agricultural cooperative in Nicaragua in 1989, a literature review and interviews in other co-operatives. The article presents an overview of the broader grass roots movement of Nicaraguan cooperative formation (over 3300 agricultural co-operatives were formed in the 1980s). This movement was affected by the co-operative participants, as they struggled for control, and in turn affected the national, social and economic situation. The co-operatives and the broader national co-operative movement are shown to be empowering of the participants. However, while some factors enhanced the possibility of empowerment, other complex interrelated factors impeded its development. Autocratic leadership was prevalent, intermingled with apprehension about leadership and fears of failure. Outside service providers integrated, although seemingly helpful, also impeded empowerment through subtle condescension and distance. The most effective mutual exchange occurred when outsiders integrated as insiders. Lessons are drawn for service to the grass roots co-
operative movement through “accompagniment” of processes of participation action research.\textsuperscript{16}

Authors, Trito Menzani and Vera Zamagni, meanwhile in their paper ‘Co-operative Networks in the Italian Economy’ in the Italian economy, in accordance with recent economic theory, to throw light on the causes of their success of in the last 30 years. Reference is made by the authors to the vast literature about business networks to identify some interpretative lines that can be transferred to the co-operative world. On this basis, a typology of the Italian Co-operative Networks is offered, in order to evaluate the competitive advantages of each type of not, their governance methods, their evolution, and their impact on the recent flourishing of Italian co-operatives. The conclusion reached by the authors is that the use of networks by co-operatives has been very intensive and can still be strengthened, if Italian co-operative umbrella organizations will merge. Building large co-operative corporations was often the result of networking, as was the creation of joint stock companies owned by co-operatives.\textsuperscript{16}


\textsuperscript{16} Menzani Trito and Zamagni, Vera (2009), Co-operative Networks in the Italian Economy : Published by Oxford University Press on behalf of the Business History Conference.
This book ‘The Co-operatives of Ireland’, a book edited by Robert Briscoe and Michael Ward (and its companion volume ‘The Competitive Advantages of Co-operatives’) were inspired by a collection of seven, innovative booklets published by FVECTA, the Volencian Federation of Worker Co-operatives. Their set of booklets was called ‘The Seven Bases of Co-operation’ and outlined the ideas, values and strategies that had made worker-owned co-operatives a powerful force throughout Valencia. The Seven Bases argued that co-operative principles were at the root of the business success of worker co-operatives in Valencia and the booklets are now being used as the basis of training seminars to further enhance co-operative competitiveness.

This present book and its companion volume attempt to do for Ireland what the Seven Bases did for Valencia. They set out to understand the competitive advantages of co-operatives in general and co-operatives in Ireland in particular. But because worker – owned co-operatives are in their infancy in this country, these books will explore the values and strategies of all the main co-operative sectors in Ireland not just worker co-operatives. As well as worker co-operatives, credit unions, agricultural co-operatives, community co-operatives and other social enterprises.

These books fill major gaps in the literature on Irish co-operatives ‘The competitive Advantages of Co-operatives’ provides the interested general
reader with an introduction to the concept of the co-operatives, its relevance in the age of globalization and its many applications. It also outlines, with examples, the key competitive advantages of co-operatives in general and discusses some of the special management issues faced by co-operatives. ‘The Co-operatives of Ireland’ will focus on Irish situation, exploring the issues confronting the main co-operative sectors in Ireland. Particular emphasis is given to credit unions, agricultural co-operatives, worker co-operatives, community co-operatives and newly emerging principles in the social economy.17

John Mugamba in an article ‘The Saga of the Co-operative Movement in Papua New Guinea’ traced the growth of the Co-operative Movement has a fairly long and chequered history in Papua New Guinea. It thrived to oblivion post-independence. Indeed, but for recent developments one would be tempted to leave the study of co-operatives in PNG to historians. The most important of these developments include the creation in 2000 of the Office of Co-operative Societies Unit, within the Department of trade and Industry, with a mandate to revitalize the co-operatives sector; and, in 2003, the promulgation of a new set of ‘Co-operative Regulations’. In addition, the official

rhetoric suggests that the government is beginning to give priority or at least some impetus to revitalizing the co-operative movement in PNG.

This article explores the ups and downs of the co-operative movement in Papua New Guinea. It discusses the reasons for the failure of the movement and for the current attempt by the PNG Government to revive the co-operative form of business organization. The question is whether the co-operative movement will thrive to, or even beyond, its pre-independence heyday.\textsuperscript{18}

‘Reasserting The Co-operative Movement’ by Dr. V.B. Jugale. This book is concerned with the Development of Co-operative in India which has taken place since 1904. It is high time to review the workings of co-operatives as the co-operative movement in India has completed 100 years of working. During this time it has proved that the co-operatives have remained as a shield in the hands of the weaker sections of the society especially farmers, wage earners and women etc. Further it has been recognized as a golden mean between capitalism and socialism. However, co-operative movement has some lacuna its working which needs to be removed.\textsuperscript{19}

\textsuperscript{19} Jugale, Dr. V.B.. (2005) Reasserting The Co-operative Movement : Serials Publications.
Jarka Chloupkoua looked into the ‘European Cooperative Movement – Background and Common Denominators’. Influenced by the legacy of command economics, the recent agricultural cooperation in Central and Eastern Europe is, compared to EU countries, marked by a different patterns. Based on simplified ownership incentive approach, this paper distinguished between the fundamental features of communist, post-communist and democratic co-operatives. While in most Central and Eastern Europe there are more production co-operatives than marketing/supplying (secondary) co-operatives, in EU countries the ratio is reversed in favour of secondary co-operations.

The more common utilization of secondary co-operatives that enabled a vertical integration might be one of many reasons for more competitive agricultural sector in the European Union based on circumstantial historical evidence, the influence of internal and external factors, this paper identifies three common steps that form pre-requisites to a successful co-operative development. The paper closes with the note that these three steps might not be directly applicable to the countries of Central and Eastern Europe (CEEC).20

V. Maslennikov, in his book studied the role and place of co-operative movement of the Afro-Asian countries in their socio-economic transformations. The co-operative movement in the countries of Asia and Africa has many specific features ensuing from the protracted colonial dependence of these countries, their economic and social backwardness, and also their geographical conditions, which leave an imprint on the nature of production activities and the way of life of the Afro-Asian peoples. The long-lasting colonial dependence put a brake on the development of these countries’ productive force, since the colonialists had a vested interest in maintaining pre-capitalist production relations and consequently pursued a corresponding social and economic policy. The author, has concluded that even while stressing the importance of the co-operative movement in the solution of socio-economic problems, in the countries of Africa and Asia, it should be remembered that co-operation is only one of the instruments for effecting deep transformations in society.  

In their book, ‘Co-operative Sector in India’ Sami Uddin and Mahfoozua Rahman made a modest attempt to evaluate the development of cooperative sector after Independence. Various important topics such as Growth of Cooperative Sector after Independence; Cooperative Credit structure and so

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on have been thoroughly discussed, and the problems have been analyzed in their right perspectives.

Various standard publications and reports of the Government of India, The Reserved Bank of India, the NCUI, New Delhi and ICA, London as well as the books of eminent authors have been consulted by the authors in presenting the necessary and available data in this study.

On the other hand, G.R. Madan studied the ups and downs of the Co-operative Movement in India, which began with the passing of the Co-operative Societies Act of 1904. A landmark in the history of the movement was the announcement by the Government of India of a National Co-operative Policy in 2002 along with some legislative reforms by enacting the new Multi State Co-operative Societies Act, 2002. The government also set up a Task Force in 2002 to recommend measures for strengthening the co-operative movement. However, an expert appointed by the ICA Regional Office in India had in a report in 2004 stated that progress in the implementation of the National Co-operative Policy 2002 by the Government of India had been very slow. The reasons for this slide needed to be studied.

The author, a veteran sociologist and economist has done this and dealt with almost all aspects of the co-operative movement in the country during its historical evolution and development. This authoritative book contains almost all one might like to know about the co-operative movement
by an expert who has devoted a long period of time to study the subject. In writing this book, the author relied mostly on secondary data.22

Cheng-Chung Lai (1993) in his paper wrote how the Chinese Nationalist Government tried to use co-operatives as a socio-economic instrument in mainland China (1928 – 1949) but with little success. The historical background of the Chinese co-operative movement is presented, the structure and quality of different types of co-operatives examined, the performance of co-operative and the benefits of being a cooperator evaluated and the characteristics and problems of this system considered.23

Sean Turnell in his paper “The Rise and Fall of Co-operative Credit in Colonial Burma” trace the development of co-operative credit in Burma. Co-operative Credit was the all-purpose answer to problems of rural poverty and indebtedness, usury, and land alienation. Originating in the idealism of the “Rochdale Pioneers”, and in schemes from rural Germany, co-operative credit was imported into India with an evangelical zeal to solve all manner of perceived economic and social ills. With only slightly less moral fervor it was transplanted from India into Burma in the first decade of the Twentieth Century.

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Century, and by 1920 several thousand cooperative credit societies had mushroomed across the country. Turnell trace the development of cooperative credit from these promising beginnings, until the war collapse of the movement on the eve of the Great Depression. This paper explores that way in which cooperative credit was seen by the imperial authorities as a devise to limit the role of Indian-money-lenders in Burma, and as the basis for the establishment of formal rural credit markets. The paper concludes that poor implementation, on top of official unawareness as to the cultural, historical and economic differences between India, Burma and Europe, brought about the demise of a movement that promised much.²⁴

Thi Minh-Hoang Ngo (2009) made a case study of the co-operative movement in Dongfengren village, Xeyang Country, Shanxi province, China during 1944 which shows the interactions between the state’s voluntarist and idealistic policies and peasant’s resistance grounded in their traditional values and practices produced the hybrid revolutionary processes, that characterized the party-state’s penetration into the village during wartime period. Widespread peasant resistance compelled outside cadres to introduce various

²⁴ Turnell, Sean : “The Rise and Fall of Cooperative Credit in Colonial Burma”. Sturnell @ efs.mq.edu.an.
incentives similar to those applied in the 1950s to sustain the co-operative movement.²⁵

On the other hand, Alexander Azeuedo and Leda Gitahy (2010) discussed the experiences of the Mondragon Corporation Cooperative (MCC) based on a field research in 2005 in the Basque area of Spain. This network of co-operatives began 50 years ago in the Basque area and has been based on self-managed cooperatives, education, and technological innovation. Both internal and external solidarity and the daily practice of democracy have been essential for this experience, and demonstrate the potential of self-management to put limits to economic activity through social, ethical and ecological commitments in contradistinction to capitalist entrepreneurship oriented by the quest for profit per se. The present day challenges of the corporation are related to the phenomenon of globalization, which obliged MCC to develop new organizational, technological, and social strategies. Since 1991, when the corporation was created, technological innovation has been considered an explicit value. A reflection of that is the fact that 12 technological centers are now part of MCC. Furthermore, the Science and Technology Plan of the group have been elaborated since 2001.

Internationalization has brought about new challenges as far as the orientating principles of the co-operative movement are concerned.  

In chapter 2 of their book, “Renaissance of African Cooperatives in the 21st Century – Lessons from the field,” The authors draws on extensive country case study material to discuss the historical development and current status of cooperatives in Africa; including issues of management membership, relationships with government, and other factors contributing to their relative success or failure. It is observed that most cooperatives have not been able to help members break out of mere subsistence, but some success has come where the social capital of cooperatives extends beyond the group of the poor. For example, “the relative success of some jua kali (“hot sun”) cooperatives in Kenya, the shoe shiners’ cooperatives in Uganda and the Young Christian Workers’ Cooperatives in Rwanda is related to the fact that some not-so-poor members adhere to and invest in these cooperatives. (p16). The authors observed that yearly membership fees can prevent the poorest from participating. Also, most cooperatives are initiated, composed and dominated by men.

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It is unfortunate that the cooperative movement in India, which is 100 years old, is passing through a difficult phase. Gone are the days when cooperative sugar mills, spinning mills, banks and supermarkets in Tamil Nadu were models to the entire country. Now the majority of the cooperative institutions, especially spinning mills, sugar mills and supermarkets are facing financial crisis. The same situation prevails throughout the country except in a few states.

The advent of globalization and liberalization has forced cooperatives to face multiple challenges of a market-oriented economy. Besides, over a period of years, the movement has become politicized with politicians replacing genuine people interested in the cooperative movement. Now wresting control of cooperative societies has become a political prestige. This, in turn, has led to alleged inclusion of bogus members in a majority of cooperative societies with the connivance of a ‘pliable bureaucrat’ at the time of cooperative elections.

Hence, if the cooperative movement has to sustain, a clean break from the past has to be introduced in the management of cooperative societies, which the author has stressed in this book. This book is largely an outcome of his studies during his tenure as Registrar of Cooperatives and from his personal experience. He has critically examined the present governance
structure of the cooperative movement, especially the cooperative credit system.

He has rightly pointed out that in the absence of institutional credit, many poor and marginal farmers in the State would have become victims of private moneylenders. After seeing symptoms of deep-rooted malaise in credit flow to farmers, he initiated a new focus and management initiatives to face the challenges. For this he stresses the need for transparency lest people suspect credit distribution itself.

The author also deals with the history of the cooperatives, problems related to credit and banking, policy and operational aspects related to the functioning of cooperatives, especially with relation to credit in Tamil Nadu, and the public distribution system.\(^{27}\)

Biswa Swarup Mishra (2006) in an article writes that cooperatives as an institution in India are more than a century old. With more than a lakh grass root level co-operative, their presence is formidable. Notwithstanding, impressive gains made by co-operatives in terms of their rural outreach and coverage of small and marginal farmers, their financial health has been a matter of concern. The study is an attempt to enquire into the factors which impact financial health of cooperatives reflected through their recovery

\(^{27}\) Kanan, R 2004-2005: Centenary of the cooperative movement in Tamil Nadu with special reference to ; Pub. By Tamilnadu Cooperative Union, 170, Peiyar EVR Road, Kilpauk, Chennai – 600010.
performance. The empirical findings suggest that government should allow the cooperatives to evolve in a natural manner rather than through initial official encouragement and subsequent intervention. Government’s contribution to share capital of co-operatives should be stopped. There is also a need to revisit the issue of appropriate number size for a base level cooperative so that cooperative principles are internalized amongst members. Very large cooperatives should be avoided both in principle and practice.\textsuperscript{28}

M.S. Gill (1983) who took part in the Green Revolution of Punjab gives vivid account of how credit was provided through an expanding co-operative movement. It was this that enabled the Punjab farmer to assemble inputs that help materialize the green revolution and increased the harvesting prospects in Punjab, thereby solving the problem of feeding India’s population.

His book, on the growth of co-operative movement and its effects on the wealth and welfare of Punjab, is no dry representation of statistics, nor has it been studied in comparison with other Indian states. It will appeal to the people struggling to bring about agricultural revolution everywhere.\textsuperscript{29}

### 3.3 Co-operatives And Credit:


Finance is a major impediment to Indian farmers to cultivate their lands in time and to switch over to modern techniques of production. The reason why finance becomes so crucial in Indian farming is that Indian farmers are “plagued with poverty”. Poverty is a situation in which people are not having enough income even to have a subsistence living. Hence, it is impossible for them to save money and invest in farm production. The only way to carry production activities is to borrow capital either from non-institutional or from institutional sources. Capital for farming needed for various purposes can be obtained from non-institutional sources like money lenders, traders, commission agents, relatives and land lords who dominated the farm credit for more than a few centuries. While institutional sources of agencies include co-operatives, commercial banks and government.

The defects of private credit system calls for institutional financing which will eliminate the evils associated with private credit. Among the institutional credit system in India, co-operative credit institutions are the most important source of credit to the agriculturist above the government or commercial banks. These co-operative credit societies are organized to relieve the indebtedness of the farmers.30

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Dr. K. Ramesha, in his paper, writes that co-operative is the best for providing credit to the rural poor. In India, in the past, credit co-operatives were promoted by the government to provide basic financial services to the marginalized sections of the society. Over the years, the co-operative credit movement has weakened and in the liberalized environment, there are apprehensions about their survival. However, the financial system, in particular banking system has shown commendable progress during the last decade. At the same time, one of the unfortunate dimensions of the growth in banking has been the exclusion of a majority of the population, in particular the poorer sections of the society. Financial exclusions signified the lack of access by certain segments of the society to appropriate, low-cost, fair and safe financial products and services from mainstream providers. In rural areas, the number of loan accounts were only 9.5 per cent of adult population and 51.4 per cent of farm households have no access to formal or informal sources of credit, while 73 per cent have no access to formal sources such as banks. What is disturbing is the increasing share of money lenders in the debt of rural households between 1991 and 2002. In other words, the formal credit system including credit co-operatives has not been able to adequately penetrate the informal financial markets. The consequences of financial exclusion are negative and far reaching for the people deprived of the basic banking
services. Availability of basic banking services is a pre-requisite for poverty reduction and inclusive growth.

The available literature on financial inclusion from the developed world clearly suggests that the co-operative model is best suited within financial services, industry to make an impact within the financially excluded communities. Contrarily, in India, it seems the co-operatives with vast geographical presence have not been able to contribute significantly towards financial inclusion. Against this backdrop, this paper attempts to find answers to the following research questions.

a) How far credit co-operatives are successful in providing basic banking services including credit.

b) How can co-operatives are made more responsive to the needs of financially excluded sections of the society.

As the paper is exploratory in nature, the output of this research will enrich the literature relating to co-operatives as also financial inclusion. In addition, this topic/area is getting increasing attention of the policy makers in India and thus useful from that angle as well.31

I.C. Dhingra (1998) while presenting a profile of institutional agencies in agricultural finance, in his book he has described about the co-operatives and

31 Ramesha, Dr. K., Prof. National Institute of Bank Management, Pune.Credit Co-operatives and Financial Inclusion – Evidence from India.
the National Co-operative Bank of India. He has examined various weaknesses of co-operative institutions like financial non-viability of societies, their dependence on external sources, problem of over dues, organizational inadequacies etc.32

U.C. Pathi (1998) in his paper has written about the progress of Cuttack Central Co-operative Bank with regard to its membership, mobilization of deposits, share capital, loans advanced etc. He has studied the over-due position of the bank and identified the basic factors responsible for over-dues and put forth suggestions to strengthen the co-operative movement in India.

He has pointed out that the highly distressing problem of heavy over dues is due to lack of political will to revitalize the co-operation structure. Lack of co-operation and active involvement on the part of the rural masses is also another basic weakness. Lack of proper assessment of man power needs, absence of co-ordination among various agencies involved in the movement, government’s inability to meet non-power and financial needs of co-operative banks, low level of representation of weaker sections are some of the loopholes of the co-operative system.

According to him at the grass-root level, the PACS themselves are not in a position to mobilize deposits from the members, though they are

increasing the volume of lending amount year after year by borrowing funds from District Central Co-operative Banks and are indirectly responsible for the weakness of the Central Co-operative Bank.

Basically, the rural farmers are poor, illiterate and are facing socio-economic dualism. Unless, the government takes initiative to restructure the co-operative system from the grass-root level the fruits of co-operative activities will continue to elude the rural poor.\textsuperscript{33}

S. Patra (1998) has studied the performance and development of agricultural credit through Boudh Central Co-operative Bank. He has analysed the reasons for non-repayment of loans and problems of over dues. In his study the extent of borrowing and its relation with operational holding of the borrower has been pointed out. He has highlighted the weakness and problems of co-operative bank and provided suggestions for efficient management of the co-operative banks.

According to him, the Boudh Central Co-operative Bank under study has not been successful in making profit due to non repayment of loans in time. The bank is not effectively managed due to lack of proper identification of beneficiaries and political pressures to sanction loans.

He has expressed his dissatisfaction that the working of the co-operative movement is not quite satisfactory even though there is a tremendous increase in the number of co-operative banks and societies. Their total membership and the amount of loans given may sound spectacular when we consider the figures over a period. The amount of over dues is also increasing with the growth of the movement. The funds of the Co-operative Banks and Societies are often misused and mismanaged.

In his opinion, it is a futile hope to eradicate the poverty of the rural masses with cooperation alone when movement is not functioning properly. There is an urgent need to rethink and revitalize co-operative banks and societies.34

B.Patro and N. Nayak (1998) in their paper have interrogated whether Self-Help Groups would be more successful if it is linked to a credit co-operative society or with a bank branch. It appears that the co-operative system is more nearer to the structure of a Self-Help Group which intends to develop a saving habit among the members and assists them with loanable funds which have low transaction cost. The functionaries of the Primary Agricultural Credit Societies are more acquainted with the problems of the rural poor than a bank official who is frequently transferred from one place to

another. The RBI/NABARD should recognize this and take immediate steps to link SHGs with the co-operative sector rather than the Banking Sector. This will help in revamping the co-operative system which is in deep trouble after financial sector reform. The co-operative sector is also required to take up this matter with the RBI immediately and convince it about the merit vis-à-vis the banking system. Once the banking sector reaches the farmer at the grass root level, via Self-Help Groups, it would be difficult for the co-operative sector to maintain its share in rural credit.³⁵

S. Dharamrajian (2003) in his research paper has examined that co-operative credits occupy an important position in the financial system of the economy in terms of their reach and the role they play in the rural delivery system. So far as the Chennai Central Co-operative Bank is concerned, the bank acts as an agency to provide credit to its institutional and non-institutional members. Many members of commercial banks, Multinational Banks and non-banking finance companies are functioning in the city with variety of sophisticated banking services. The bank is tackling the competition through its professional management and good customer relations. The Chennai

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Central Co-operative Bank is marching successfully with dedicated leadership, professional management, and dynamic staff support.36

M. Swaminathan (2002) explains that the Primary Agricultural Co-operative Bank (PACB) Periapalayam deserves compliments that it has not borrowed at all from the financing bank or any other agency for its lending operations. It is out and out a self-supporting unit. There is mutual cohesion and knowledge between the PACB and its members. The members have the highest appreciation on sound financial position of the PACB, effective and efficient management and the yeoman service rendered to the members and the general public.37

S.D.L. Bhaskar (2002) in his article has said that the urban co-operative banks with surging deposits have begun to face the problems of plenty on funds flow management. With the result, these banks are unable to fully deploy their surplus funds in a profitable and safe way. The RBI in its revised guidelines has indicated that the urban co-operative banks’ investments in shares as also advances against shares and other connected exposures


should not exceed five per cent. The credit and monetary policy of RBI in the backdrop, attempted to squeeze the liquidity of co-operative banks.\textsuperscript{38}

M. Swaminathan (2002) in his article has said that rehabilitation of weak and sick urban co-operative banks depends mostly upon the efficiency in the recovery of loans. A systematic drive should be instituted on a day-to-day basis in contacting the borrowers whose loans are overdue and collecting substantial amount. The performance in the reduction of overdues, and consequently the non-performing assets should be closely matched and critically reviewed. Another important aspect in the rehabilitation process is that the deposits mobilized should be deployed in prudent lending operations, which bring profitability to the banks. He further hopes that if the management and the staff besides the supervisory staff of the urban banks devote their thought and time to the betterment of the weak and sick banks on a war footing, rehabilitation is possible within the shortest time.\textsuperscript{39}

A. Rajagopalarao (2002) in his paper has examined the attitudes of employees in Urban Co-operative Banks. The study reveals that earning livelihood was assigned the first rank by the respondents for joining the banks.


While status/position in the job, better salary and job security are given comparatively less considerations. A significant section of the employees expressed their preference to co-operative sector.\textsuperscript{40}

T.R. Gurumoorthy (2003) in his research paper studied that the co-operative banks are viable and suitable institutions in issuing and serving Kisan Credit Cards in India. Share (more than 50\%) of co-operative banks in the number of Kisan Credit Cards issued and the amount sanctioned under this scheme justifies it. Co-operative banks are actively involved to fulfill the credit requirements of the farmers and contributed to their socio and economic upliftment.\textsuperscript{41}

R. Subramanian (2003) in his research paper has said that Primary Agricultural Co-operative Banks should be the foundations of the Co-operative credit Movement in India. The strength of primary co-operative society lies in its internal resources mobilization and efficient deployment of resources and least cost operation due to high recovery performance and further relending.


Thinda PACB is found to be very efficient in mobilizing resources and for lending in the non-farm sectors. The experience of Thindal PACB will be an eye opener for most of the PACBs in the state of Tamil Nadu for emulation with regard to dedicated staff of the society for strong drive to mobilize the resources, efficient deployment of resources, high recovery performance and least lost operations.\textsuperscript{42}

B.N. Ganvir and et.al, (2003) in their paper have studied that there was considerable increase in short-term, medium-term and long-term loans provided by the various co-operative banks. They provide loans for the purposes like development of minor irrigation, lift irrigation, horticulture, animal husbandry, purchase of tractor, machinery, electric pump set, bullock cart, milch cattle poultry farming, sheep and goat rearing, installation of Gobar Gas/Bio Gas plant and purchase of shares in processing and industrial society. There was an increase in outstanding loans and also the over dues. The annual compound growth rates of almost all the variables were highly significant with few exceptions. \textsuperscript{43}

S.S. Kalamkar (2003) in his paper has found out that the number of societies, their total membership, owned capital (share capital + reserve fund)


and the amount of deposits with societies have increased significantly. The
loans/amount advanced by agricultural credit co-operative societies in
Maharashtra has increased. The amount of loan outstanding and over dues
was also increased. The growth of overdues implies a slow performance on
the part of primary agricultural credit societies. The important reason for high
level of over dues may be attributed to factors such as slackness on the part of
management of societies in taking timely action against their defaulting
members, absence of full time secretaries in several societies, ineffective
supervision, unsound lending policies etc. Strenuous efforts need to be taken
to improve the recovery of loans. 44

K. Sivachithappa (2003) in his article has explained that if the urban co-
operative banks are properly handled directed and encouraged, they will be
capable of facing the challenges of liberalization and delivering the goods.
There is no reason why urban co-operative banks shy away when the nation is
now facing the challenges of a New World Order. Thus, the role of urban co-
operative banking in the context of liberalization of the Indian economy is more
crucial than ever before.45

44 Kalamkar, S. (2003) : Progress of Agricultural Credit Societies in Maharashtra. The Maharashtra Co-

S. Dharmarajan (2003) in his paper has said that the co-operative banks can exercise proper control over funds position through Asset Liability Management as it shows the microscopic view of the asset liability components. The banks will also be able to chalk out an appropriate business plan to manage the risk and to enhance their bottom line. This is the right time for the co-operative banks specially the Urban Co-operative Banks and the District Central Co-operative Bank to implement the Asset Liability Management system for having a highly professional funds management practice and also to fulfill the mandatory provisions coming into force in the forthcoming days.\textsuperscript{46}

R.K. Ingle, and et.al (2003) in their paper have examined that there is significant impact of co-operative credit on agriculture with regards to the cropping pattern, adoption of new improved technology such as fertilizers, improved seeds and plant protection and also in terms of gross yields of major crops and net returns.\textsuperscript{47}

Rao Akula Rajagopal (2003) in his paper has explained that Urban Co-operative Banks are operating in a more competitive environment and


therefore, the need to take care of customer requirements has become more urgent. The winning over of the customer loyalty should be a philosophy of Urban Co-operative Banks. Hence the branches of UCBs must care for their clients better and hence improve its image, customer satisfaction and in the process of its profits. In the ultimate analysis, what is necessary for improving customer and services is the active participation of employees at all levels in Bank functions.48

Vrajlal K. Sapovadia (2008) in her research paper critically analyzes how UCBs has witnessed changes in product design, business process, service delivery and innovative governance process.

The co-operatives in India have made remarkable progress in the various segments of Indian Economy. There are more than half-million co-operative societies with a membership of more than 209 million. In many segment of Indian economy, cooperatives are contributing predominant role in the credit sector despite keen competition from nationalized and private sector banks. The Urban Co-operative Banking (UCB) movement in India can be traced to the close of nineteenth century. The economic reforms (1991) have

given new dimensions to precepts and practices of economic development. Urban Cooperative Banks till 1996 were allowed to lend money only for non-agricultural purposes. This distinction does not hold today. These banks were traditionally centered on communities localities, work place groups. They essentially lend to small borrowers and businesses.

Today, their scope of operations has widened considerably. Over the years, UCBs have registered a significant growth in number, size and volume of business handled. There are 2,104, UCBs of which 56 were scheduled banks. About 80 per cent of these are located in five developed states of the country. After economic reforms, the banks are under severe threat of survival on the one hand, while there is ample business opportunity to develop and grow. In the changing scenario, banks face policy endeavors due to competition and are geared to consolidate and strengthen business, introducing innovative banking products, service delivery, efficient process and effective and socially responsible governance.

The study is based on primary and secondary date. The secondary data includes, available literature, policy documents of Central Banks, Government of India and Annual Reports of selected UCBs. Primary data consists of response from executives and consumers are members of UCBs.
Suitable research methodology, principles and quantitative tools are applied for analysis and interpretation of data.⁴⁹

Vrajlal K. Sapovadia (2007) undertook a research project to evaluate the effectiveness of cooperatives compared to other social institutes. National Bank for Agriculture and Rural Development (NABARD) is set up as an apex Development Bank by the Government of India with a mandate for facilitating credit flow for promotion and development of agriculture, cottage and village industries. The credit flow to agriculture activities sanctioned by NABARD reached ₹ 1,574,800 million in 2005 – 2006. The overall GDP is estimated to grow at 8.4 per cent. The Indian economy is raised for higher growth in the coming years. Role of NABARD in overall development of India in general and rural and agricultural in specific is highly pivotal.

Through assistance of Swiss Agency for Development and Cooperation, NABARD set up the Rural Infrastructure Development Fund. Under the RIDF Scheme ₹ 5,12,830 million have been sanctioned for 2,44,651 projects covering irrigation, rural roads and bridges, health and education, soil conservation, water schemes etc. Rural Innovation fund is a fund designed to support innovative, risk friendly, unconventional experiments in these sectors.

that would have the potential to promote livelihood opportunities and employment in rural areas.

The assistance is extended to Individuals, NGOs, Cooperatives, Self-help Groups and Panchayati Raj institutions who have the expertise and willingness to implement innovative ideas for improving the quality of life in rural areas. Through member base of 250 million 600000 cooperative are working in India at grass root level in almost every sector of the economy. There are linkages between SHG and other type institutes with that of cooperatives.

Problem statement & Research Questions: the very purpose of RIDF is to promote innovation in rural and agricultural sector through viable means. Effectiveness of the program depends upon many factors, but the type of organization to which the assistance is extended is crucial one in generating, executing ideas in optimum commercial way. Cooperative is member driven formal organization for socio-economic purpose, while SHG is an informal one. NGO have more of social colour while that of PRI is a political one. Does the legal status of an institute influence effectiveness of the program – ‘How and to what an extent’. Hypothesis : Cooperative type of organization is better (financial efficiency and effectiveness) in functioning (agriculture and rural sector) compared to NGO, SHG and PRIs.
Methodologies: Using secondary data, out of funded project under the FIDF scheme, suitable number of sample will be drawn from each category; namely, individual, SHG, NGO, PRIs and cooperatives will be analysed on the basis of performance in last three years. It will also be analysed on the total number of project and amount utilized in each category and their repayment history. Major Accounting Ratio of selected period for ganging financial and operational efficiency, ROI and solvency shall be compared. Relevant qualitative tools shall be used for testing the hypothesis.

Major findings and conclusions: the research project will see whether cooperative is superior or otherwise in performance compared to other forms of formal and informal organisations', what are the influencing factors and how it can be improved in each category in general and more specifics in cooperative.  

Rewa Misra (2008) made a study about the linkages between PACs and SHGs – Models linking community-based associations with financial institutions have tremendous potential to expand outreach in remote areas. Associations in many forms (Accumulating savings and credit association (ASCA), Self Help Groups, savings and credit associations, even farmer or

fisher associations) have already strong presence in rural areas. They provide convenient and flexible access for members in light of few or no alternatives. Linkages can provide these associations with additional value such as access to larger loans, a safe place for savings and the potential for a broader range of services including graduation to individual member services.

Linkages exist with a range of financial institutions including commercial banks, Regional Rural Banks and cooperatives. This case examines a linkage between two-member-owned institutions: thrift and credit associations called Self-Help Groups (SHGs), and government promoted credit cooperatives called Primary Agricultural Credit Societies (PACS). This linkage extends the already rural cooperatives broader and deeper by bringing in a massive network or rural women’s groups. When combined with the grid of institutions like the cooperative system the model has the potential to reach virtually every village in India. The PACs-SHG linkages have broader potential rural reach than any other linkage model. From the cooperative society perspective, SHGs offer a unable membership base and a cheap and growing source of funds. SHG savings comprise nearly a quarter of their asset base. SHGs also show a much higher repayment rates than individual member of the PACs. The SHG as a product line is both attractive and financially feasible. It is the PACs inability that limits the model. From the remote SHG perspective, it is the best option in limited circumstances. SHG members trust PACs given their
proximity, accessibility, the knowledge of local staff, and the apparent security of savings. However, they identify ownership more closely with their own SHGs that offer important additional product flexibility and liquidity. Mature SHGs are more likely to find alternatives attractive as well. In short, the SHG-PACs linkages are a strong point for remote outreach. PACs need to be stronger financial intermediaries in their own right to provide a linkage model that can scale up and serve remote groups over the long run. If they are to maintain their SHG members group, SHGs need to be treated as members with flexible, relevant services and full membership rights and decision-making influence.

The intention of the research is to help answer some questions about different types of member-owned institutions (MOIs) to determine what potential they have for depth, breadth, scope, length, worth and cost of remote outreach. Remote is defined as un-served or under-served in its own market. The second level analysis examined how outreach was affected by three areas: Networking and linkages; governance and ownership; regulation and supervision. The perspective of analysis was from the lowest tier association, Savings and Credit Cooperative (SACCO) or set of groups including the relative value of various providers of inputs and supports including finance.

Is the SHG-PACs linkage enable and desirable as a means of remote outreach? From this case it seems a win-win for both SHGs and PACs, but
within the current regulatory, ownership and governance structure PACs are able to offer only a marginally better service than the nearest bank. PACs can benefit from a cheap deposit base and can explore a new, profitable and expanding market segment; SHGs can benefit from close access to a broader range of services than is available from local, informal sources including their own SHGs. To be a viable model in the long-term, the PACs needs to be strengthened as a financial intermediary.51

Dr. Anthony Adekunla Dwojori (2009) discusses the importance of cooperative as a source for Micro-financing. Small and Medium Enterprises (SMES) are no doubt pivotal to the growth and development of any country. Various strategies have been adopted by the Nigerian Government in promoting the SMEs in the country to facilitate economic development process. Cooperative financing strategies are very good at promoting sustainable SMEs. The Nigerian government has not fully utilized the potentials of co-operative societies in this regards. Co-operative society is often regarded as one of the Microfinance Institutions (MFIs) that promote entrepreneurship and rapid industrialization. However co-operative societies of today suffer a lot of set-backs in performing their economic functions. This

paper examined the potentials of cooperative societies as a micro-finance strategy. It investigated the problems militating against its performance, which calls for its total re-engineering. This would make for better economic role that promote growth and development especially in SMEs finance. An analysis of the information obtained revealed co-operative strategy as a vibrant option for sustainable SMEs in Nigeria and that the problems of cooperative societies are soluble.52

According to Dr. Sean Turnell (2004) Cooperative Credit was the British Empires’ all-purpose answer to problems of rural poverty and indebtedness, usury, and land alienation. Originating in the idealism of the ‘Rochdale Pioneers’ and in the schemes from rural Germany, cooperative credit was imported into India with an evangelical zeal to solve all manner of perceived economic and social ills. With only slightly less moral fervor it was transplanted from India into Burma in the first decade of the 20th Century, and by 1920 several thousand cooperative credit societies had mushroomed across the country.

The purpose of this paper is to trace the development of cooperative credit in Burma from these promising beginnings, until the near collapse of the movement on the eve of the Great Depression. This paper explores the way in which co-operative credit was seen by the imperial authorities as a device to limit the role of the Indian money lenders in Burma, and as a basis for the establishment of formal rural credit markets. The paper concludes that poor implementation, on top of official myopia as to the cultural, historical and economic differences between India and Burma, brought about the demise of a movement that promised much.53

In his paper “Financial Sector Reforms and Performance of Cooperative Credit Organisations: A Study of Urban Cooperative Banks in India” Dr. K. Ramesha writes credit cooperatives are the oldest and most numerous of all the types of cooperatives in India. Inspired by the success of urban cooperative movement in Germany and Italy, in the early part of the last century, urban cooperative credit societies were organized on community basis and their lending operations were confined to meeting the consumption oriented credit needs of their members. Interestingly, the cooperative credit movement in modern India is a state initiated movement. The state partnership

which was conceived as a measure for strengthening the cooperative institutions has paradoxically paved the way for ever-increasing state control over cooperatives, their increasing bureaucratization and politicization, culminating in virtually depriving the cooperatives of their vitality as well as their democratic and autonomous character.

The process of globalization, the reforms in the Indian economy and the changing role of the Government from that of ‘provider/patron’ to ‘enabler’ have affected the functioning of cooperatives. The credit cooperative movement being the oldest and significant in terms of number, membership and business volume is more influenced by economic and financial sector reforms than their counter-parts in non-credit cooperative sector. The available evidence clearly suggests that the performance of credit cooperatives both under short-term as well as long-term credit structure has been far from satisfaction in the post-reforms era. The Urban Cooperative Banks’ (UCBs) segment which was considered as one of the robust and fast expanding segments of the banking system till late 1990s has now been riddled with regular cases of failures and the financial performance of UCBs has deteriorated significantly post – 2000. The purpose of this paper is to empirically investigate the causes behind the weak performance of UCBs.

The earlier research attempts by the author could not establish a definite relationship between the extension of prudential standards as part of
financial sector reforms and the performance of urban cooperatives due to paucity of data at the aggregate level. Therefore, in this paper information/data will be collected from ten randomly selected scheduled urban cooperative banks for the period 1993-2005 to examine the impact of financial sector reforms on the performance. The basic objective of this paper, apart from assessing the impact of prudential standards, is to examine the relevance of prudential standards, albeit in a succinct fashion.\textsuperscript{54}

Timothy W. Guinnane (2006) in his paper presented at the International Economic History Association Meetings, Helsinki writes the German cooperative system played a lively and important role in many aspects of the Germany economy in the nineteenth century. Recent scholarship has confused some aspects of the cooperative movement and how it worked. This article focuses on one important point of confusion: the importance of financial support by the German states and the central government. German cooperatives did not receive the heavy stat support typical of cooperatives in many developing countries today. But various levels of German governments did provide direct and indirect financial assistance to cooperatives. Confusion about the role of this support has led at least one recent scholar to exaggerate their importance. More generally, focus on financial assistance of this type

\textsuperscript{54} Ramesha, Dr. K. National Institute of Bank Management, Pune. Paper presented at the 13\textsuperscript{th} IAFEP Conference, Spain.
obscures two larger points. First, by the late nineteenth century cooperatives were the beneficiaries of special enabling laws and strong protective tariffs on agricultural goods. Second, discussion about state assistance to cooperatives must be set against the background of the general political economy of the day: Liberals and many business leaders alike had abandoned earlier conceptions of the laissez-faire state, and virtually every interest group in Germany received, or at least sought, special assistance from the state. Debates over support for cooperatives in the 1890s and later simply demonstrate how “normal” they had become.\(^5\)

Dr. S.B. Verma, Dr. G.P. Sah and S.C. Pathak (2006) jointly co-authored a book where they write that cooperatives like village panchayats are institutional agencies for achieving social cohesion. In a country whose economic structure has its roots in the village, co-operative is something more than a series of activities organized on co-operative lines; basically its purpose is to evolve a system of co-operative community organizations which touches upon all aspects of life.

Cooperation, therefore means obligation towards all families in the village community and the development of resources and of social services in

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the common interest of the village as a whole. This is the underlying approach in setting co-operative village management on the main direction of reorganization in rural economy.56

Y. Suresh Reddy and A. Reddeppa Reddy (1997) in their book states that the lesson of agrarian history from Rome to Scotland is the essential ingredient of agriculture in credit generation and that the agriculturists must borrow heavily from others. The peasantry of India is no exception. Farm Credit in India is characterized by dualism, i.e. institutional as well as non-institutional. Among the institutional agencies providing credit to agriculturalists, co-operative play a major role.

Andhra Pradesh is one of the important states, which has attained reasonable progress in different spheres of co-operative movement. After the introduction of the ‘Single Window System’ in AP, 22 District Cooperative Central Banks (DCCBs) came into existence in the place of 27 Cooperative Central Banks which had hitherto existed. As intermediaries, the DCCBs play a pivotal role in the co-operative credit system. They form the connecting link between SCB and PACs. The progress of cooperative credit programme largely depends on the financial strength and inability of banks.

But a good majority of DCCBs are in financial distress, in operational inefficiency, overdues have become the bane of cooperative credit. The long cherished dream of liberating the poverty stricken rural masses from the clutches of exploitative money-lenders has remained unfulfilled. Further, co-operatives, as tools of rural development, have more or less, failed to accomplish the objectives for which they were established.57

3.4 Co-operative And Globalisation:

Co-operatives must be part of and shape the inevitable process of globalization. They must deal with new global and local identities, but at the same time they must continue to be important avenues of democratic discourse and democratic values. When we think of the nebulous concept of "globalization" we think of many different images. John Lomlinson suggests that we see the phenomenon of globalization as an empirical condition of the modern world that he terms complex connectivity: “the rapidly developing and ever thickening network of interconnections and interdependences that characterize the modern social life”. (Lomlinson 1999). From Held et.al. (1999) he maintains that as a result of the global extensiveness of connections, their more regularized and institutionalized character, and the speed at which

57 Reddy Y. Suresh and Reddy A. Reddeppa (1997) : “Cooperatives and Rural Development”. Anmol Publications, New Delhi. Dr. Y.S. Reddy; Lecturer, MSR Jr. College, Pediarlapadu, AP.Dr. A.R. Reddy; Professor and Head, Department of Public Administration, S.V. University, P.G. Centre Cuddapah, AP.
connections take place, there is a growing enmeshment of the global and the local. What happens locally, can have a significant impact somewhere else on the globe.

William Coleman, relying on Held et al., identifies four features of globalization: The first he calls ‘extensity’ or the “degree to which cultural, political, and economic activities are stretching across new frontiers”. ‘Intensity’ is changes in the “magnitude and regularity of interconnectedness”. What he calls ‘velocity’ is changes in the “speed of global interactions and process”. Finally, ‘enmeshment’ means changes in the “interdependence of the global and the local”.

Manuel Belo Moreira (2001) presented an article in the Journal of Rural Cooperation Volume 29. No. 2 (2001). In this article following a short review of the major trends that characterize the globalization process at the economic, political-ideological and socio-cultural levels, this article takes a look at the rationality of agricultural cooperatives and reflects on the effects of globalization. Understanding globalization as a dialectical process, his reflection draws on the effects of globalization on cooperatives, in particular agricultural ones. He refers to the threats, challenges and opportunities brought about by globalization. This means evaluating the threats and opportunities that result essentially from increased competition, trade liberalization and changes in the role of the Nation-states. The paper
concluded that globalization has become a powerful factor of change for the cooperative movement in general, and for the agricultural cooperatives in particular. If it is the case that globalization threatens the cooperative movement in various way and to varying degrees, then it is also true that is has opened up new opportunities for development. In particular, he refers to the promise of new ways for the cooperative movement to take advantage of the content and context of globalization, and to the opportunities for different types of social movements to counter globalizing tendencies.  

Miss Banishree Das, Dr. Nirod Kumar Palai, and Dr. Kumar Das in their paper presented at the XIV International Economic History Congress, Helsinki 2006, Session 72, analyze the problems and prospects of cooperative sector in India under free market mechanism. It is now increasingly recognized that the cooperative system in India has the capacity and potentiality to neutralize the adverse effects emerging from the process of globalization. After economic liberalization under the new economic environment, cooperatives 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. Privatisation has also failed to make an impact in the areas. Therefore, there is great hope on the cooperative sector. This paper examines the causes of slow

progress and highlights the emerging role and challenges of the cooperative sector. In comparison to the step-motherly treatment of the past, cooperatives are now considered an important plank of development. The cooperatives have inherent advantages in tackling the problems of poverty alleviation, food security and employment generation. Cooperatives are also considered to have immense potential to deliver goods and services in areas where both the state and the private sector have failed.

This paper focuses on several pitfalls and shortcomings like: poor infrastructure, lack of quality management, over dependence on government, dormant membership, non-conduct of elections, lack of strong human resources policy, absence of professionalism, etc. It suggests to evolve strong communication and public relations strategies which can promote the concept of cooperation among the masses. It should also push forward by developing effective strategies to overcome existing weaknesses and for continuing growth of the sector. This paper makes an assessment of the future prospects of the cooperative sector in India. 59

59. Das, Miss Banishree, Research Scholar, Asian Institute of Technology, Thailand, Dr. Nirod Kumar Palai, Head, Department of Economic History, Biju Patnaik College of Uttar University, Bhubaneshwar; Dr. Kumar Das, Professor of Economics, Asian University, Chon Buri, Thailand: “Problems and Prospects of the Cooperative Movement in India under the Globalisation Regime”. XIV International Economic History Congress, Helsinki 2006 Session 72.
Robert Dobrohoczki (2006) wrote a paper in the Journal of Rural Cooperatives, the object of the paper being twofold: First, to demonstrate how the cooperative business structure, rooted in democratic principle, when analyzed within the framework of recent legal and critical theory, can be shown to have a transformative effect in alleviating the adverse effects of globalization. Second, to analyze the international legal environment, particularly trade arrangements, to examine the capacity for cooperatives to serve as social policy instruments for promoting social cohesion. This paper uses Habermasian legal and critical theory in illustrating the close linkages cooperative principles have with modern sources of legal legitimacy and democratic theory. It is argued that cooperatives contribute to a healthy public sphere and alleviate the “legitimation deficits” increasingly manifest by the anti-globalisation movement. This movement opposes the increasing power of transnational capital and institutions vis-à-vis national governments, and the lack of democratic control over such institutions and organisations. In order for cooperatives to have an influence on social cohesion and social capital, they must fully engage their democratic potential. Cooperatives are one means of democratizing the market system, thereby alleviating the negative effects of globalization. Consequently, there is a policy interest in promoting cooperative development. Cooperation can offer a viable alternative to global capitalism and transnational corporatism. Policy recommendations will be offered for
facilitating cooperative legislation and for the promotion of cooperative
development under international trade arrangements. A number of United
Nations sponsored international connections, such as the Co-operatives
(Developing Countries) Recommendation of 1966 (No. 127), already advocate
cooperatives an effective means of social policy. With the increasing
opposition to transnational corporatism, opposition rooted in the democratic
aspirations of citizens; there is an increasing role for co-operative to assert a
democratic market alternative for policy makers to facilitate this demand in the
social economy.⁶⁰

S.K. Hota (2000) has explained that in the process of economic
liberalization, while the private enterprises, and public sector undertakings are
affected directly, the cooperative sector is affected in an indirect way.

The co-operative sector has the potentiality to face the challenge of
liberalized economy by restructuring its activities at the business environment.
Here the responsibility has to be borne by the cooperative movement itself,
without depending much on government support.

The researcher feels that fields like Economic Deregulation, Tax and
Tariff concession, Trade liberalization, Revitalisation of sick cooperative units

⁶⁰ Debrohoczki, Robert (2006), Centre for Study of Cooperatives, Saskatron, Canada, “Cooperatives as a Social
Policy Means for creating Social Cohesion in Communities”. Journal of Rural Cooperation 34 (2) 2006; 139 – 159.
Israel.
and Rural Market are to be explored by co-operatives to cope with the pace of economic liberalization for its present and future prospects.

He has suggested that the organizational aspects of co-operatives should also be taken care of in rural areas. In the present business environment the primary cooperative societies need to be reorganized. The weak and inefficient societies (i.e. unviable units) should be wound up or merged with strong or efficient societies (i.e. viable with). Otherwise, the weak societies would determine people’s confidence in the movement and cause a set back to it from a long term point of view.61

R.A. Goyal (2000) explains that in the fast changing economic scenario, in the context of economic reforms, liberalization and globalization, the cooperation sector no longer afford to be indifferent to the cost effectiveness and commercial orientation in the new millennium. Against the aforesaid backdrop if the co-operative is to equip itself to operate energetically in the face of the competitive pressures of an open market, it will have to rise to the occasion to convert the challenges on the fronts of human resources management and information technology into opportunities to its advantage.

Co-operatives in India can learn a lot from the recent experience of co-operatives in other developing countries in the dissemination of information.

technology. Unless and until the co-operative sector equips itself suitably to grapple with the emerging highly competitive milieu, it may meet the fate of either a lion or a gazelle that fails to run adequately fast. The co-operative sector can hope to serve social objectives if it takes due care of its financial health for which effective management of human and technological resources is essential.\textsuperscript{62}

K.N. Ramanujam (2002) in his article has said that liberalization of the Indian economy ever since 1991 has brought about drastic structural changes in all spheres of the economy. The central government has withdrawn its prospective support to the various sector of the economy, including co-operative. Due to global competition, co-operatives can survive only when they prove their efficiency, otherwise they have to quit from the business scene. In order to face new challenges they should reconstruct their business strategies, reduce cost of production at all levels, minimize wastage, develop their own technology, transact business activities on more various alternatives lines and search for various alternatives for stabilizing their activities.

He has further said that though the policy is against government support, government should relax its rules and regulations in case of co-operatives for some time. He has suggested that government should make all

its purchases only through consumer co-operatives. Co-operatives which have been involved in distribution of ration goods should be given subsidies and those which are functioning in their own buildings may be exempted from the payment of wealth tax, water tax, etc.  

S.O. Junare (2002) in his paper has explained that Globalization, Privatisation, and Liberalisation policy has given new challenges, more risk, more threats and dangers to the co-operative banks if they have not predicted the future themselves after a decade. But LPG is the takings and gains for those who are wise enough to change themselves. The co-operative banks can make sustainable growth in this competitive scenario if they change themselves in the fullness of time. 

U.M. Shah (2003) in his paper, has described that co-operatives can thrived best in the liberalized environment as they neither disturbs the existing system nor affects the interests of anybody. Liberalisation of economic policies in India and its consequential effect on the co-operatives in the emerging scenario should therefore not be treated as a threat for the survival and

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efficacy of co-operatives but more as an incumbent action on the part of the state and the law to redeem co-operatives of interference and control.

In redesigning and rejuvenating the role and image of co-operatives to establish their rightful place in the changing economic scenario, the government should come forward and clarify the position vis-à-vis the co-operatives, as is being done in the private and public enterprises. The World Bank under the ambit of pectoral reforms calls for co-operatives to respond to market compulsions, stand on their own as structurally strong, functionally autonomous and professionally efficient organizations on the one hand, and member responsive enterprises on the other.65

Danuta Mierzwa (2000) wrote a paper, “Management of Cooperatives in the time of Globalisation.” Management is a part of a social reality which reflects a lot of factors. The management research objects (various organizations) are not permanent in time. Evolutions of social structures in EU confirm that the traditional ways of cooperatives functioning are not acceptable in the contemporary integrated market. The principles that applied to cooperatives in the past are often neglected. The article analyzes issues concerned with management, property ownership, role of capital and ways of obtaining it as compared to the cooperative principles. The leading thought of

the article was finding answer to the question – is a cooperative company able to fulfill its vision in the day of globalization? 66.

3.5 Types of Co-operatives:

Cooperatives exist in nearly every business sector and are organized in a variety of ways. Like other business in our economy, they range in size from organizations with only a few member-owners to massive and complex organizations with thousands of member-owners. Cooperatives are classified as a way to easily identify the nature of the business. The classifications do not mean that one type necessarily be better or worse than another. It simply means that there are distinguishing differences among the types, and shows the wide variety of cooperatives and the differences in their operations, management, control, etc.

Dr. Shivaji Ambhore (2007) in his paper presented at the ICABE 2007, is of the opinion that dairying is one of the most effective instruments for supplementing income and generating employment in the rural sector. It is being envisaged as an important means or reinforcing the income for economically weaker section of the society constituted by landless and small

66 Mierzwa, Danuta : “Management of Cooperatives in the time of Market Globalisation.” Wroclaw University of Environmental and Life Sciences, Poland.
farmers. The planners of the country consider cooperation as an instrument of economic development of the disadvantaged particularly in rural areas.

This paper examines the growth of cooperation dairy sector in Maharashtra state in India with respect to number, membership and capital of dairy cooperatives, milk procurement and distribution, milk prices, milk processing and production of milk products. The required secondary data were collected for the period 1988 – 2001 from the government publications such as Cooperative Movement at a Glance in Maharashtra, Animal Husbandry Statistics Reports, Hand Book of Basic Statistics, Dairy India, and from the Office of the Commissioner of Dairy Development, Government of Maharashtra. Simple statistical tools were used to analysed the data.

The study indicated that the cooperative institutions have performed well with respect to their number, membership and share capital. Dairy cooperatives have connected in few districts of the State. Milk procurement grew by 8.96 percent per annum. Milk processing facilities and production of milk products have shown substantial increase. Milk purchase prices have recorded a three-fold increase. The study suggests expansion of milk
procurement network, remunerative price for milk and more emphasis on production of milk products by the dairy cooperatives.67

Robert A. Cropp (1991) in his book provides an excellent success story of a dairy cooperative. It is valuable reading for current and newer-member patrons of cooperatives who often do not know about struggles and sacrifices of their predecessors. The author also presents excellent principles and philosophy of successful operation and management of cooperative.68

On the other hand, the book by Robert E. Jacobson and David Barton Con O’Leary is frustrating to read because of its flaws in presentation and contents but without a doubt it makes a major contribution to the Irish Cooperative industry. The cooperatives have followed some of the lease cooperative –like practices of cooperatives anywhere in the world. Their members and leaders clearly do not understand the unique aspects and essence of a cooperative.69


The paper written by M. Clotila and S.B. Dhanapala, reviews the role of producer cooperation in the dairy sectors of a number of countries in Asia. Because of the perishable nature of milk and the range of skills involved in its production and marketing, dairying requires a number of services that can best be provided by cooperative action. It is not surprising that the cooperative movement has featured prominently in the development of the dairy industry worldwide. The authors concluded that the farmer cooperative system has proved to be an effective which for livestock development in general and for dairy development particular in rural areas.\(^70\)

Dr. A.K. Makwana,\(^70\) in his paper, “Indian Dairy Co-operatives and Globalisation,” says that the future of the dairy cooperatives will rest not only on the milk producer, but on the scientist, the dairy technologist and the professional. Dairy cooperatives will have to equip new generation to compete head-on-head with the best human resources of the advanced dairying nations. The task before the Indian dairy co-operatives is not only to remain biggest but the best.\(^71\)

\(^70\) Clotila, M. and Dhanapala, S.B.: “Dairy Development through Cooperative Structure.” The authors are Regional Animal Production Officer and Consultant, respectively at the FAO Regional Office for Asia & the Pacific, Thailand, Bangkok.

R.E. Jacobson and C O’Leary (1990) in their book looked into the issues of dairy co-operatives in Ireland. Public Limited Company’s (PLC) activity in Ireland’s dairy sector has revived interest in what it means to be a share holder, to be a member, to be a supplier. It has also raised questions regarding the relevance of co-operatives in today’s business world, and whether the long term interests of farmers will be damaged if the co-operative movement continues to be eroded. This book explores the possibility for dairy co-operatives to make organizational changes within the accepted co-operative context or whether modifications of co-operative principles are necessary for long term growth and survival. It also examines whether PLC activity is a short term or long term phenomenon and identified a range of alternatives for co-operatives in resolving capital and share valuation problems.72

Vassilis Patronis and Kostantinos Maureas (2004) looked into the agricultural co-operative organizations in Greece. The first centenary (1900 – 2000) of the agricultural co-operatives in the Greek countryside is an appropriate occasion for offering a critical retrospective of their operations during the 20th Century. Initially the cause of their delayed appearance and establishment in Greece are investigated. Subsequently, the large extension

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of agricultural credit, as well as constantly increasing involvement of the government and bank in their internal affairs are described and analysed. This analysis also focuses on the particular inter-war conditions that favoured the protectionism of the agricultural economy and the “States’ Supervision” of co-operatives, an essential element of agrarian policy, even during the first post-war period. Finally, development relating to the co-operative during transition from dictatorship to democracy, the subsequent legislative interference, doubtful investment, as well as the transformation of the organization into an arena of self-interest for political parties and their leaders and into a means of implementing government social policy is examined.\textsuperscript{73}

Mc Bride and Rusell, on the other hand, wrote a book on the ‘why’ and ‘how’ of agricultural co-operatives. The text consists of 18 Chapters divided into two sections. The first section centers on the ‘why’ of agricultural co-operatives and contains chapters 1 through 5. This section attempts to justify the existence of domestic farmer co-operatives. The second section focuses

on the ‘how’ of agricultural co-operatives and contain chapters a wide variety of topics including the Rochdale principles, federal marketing orders etc.74

Toth, Varza and Paarlberg (1996) research paper examine the transformation of Hungarian agricultural production co-operatives. In contrast to early expectations, cooperatives did not experience much membership loss. Rather, the enterprises held together, although they down sized. The distribution of collective assets accused quickly and created much tension. This sector experience a severe recapitalization and the efficiency of the sector fell. There was a sharp rise in unemployment, sales and marketing were disrupted. Thus, the co-operatives transformed in a very hostile situation. They survived, and some prospered, yet, in general they remained vulnerable to adverse economic developments. Healthy co-operatives will be vital to the success of small private farms.75

“Agricultural Cooperatives in the 21st Century” – a report published by the United States Department of Agriculture (2002) identifies challenges and opportunities facing farmer cooperatives in the years ahead and offers strategies to increase their chances for success. The external forces besetting cooperative are examined as are their internal strengths and weaknesses.


Priority issues are identified that cooperative members, leaders and advisers need to address. No easy solutions are provided, because there are none. Hopefully, this report will serve as a catalyst for further thought and discussion on how farmer cooperatives can enhance income and quality of life for their members. Methodology: This report examines the challenges producer-owned cooperatives face at the dawn of the 21st Century. Several participants in the 1987 study revisited that report and commented on a range of topics regarding and new issues that have risen since then. Then, prominent members of the cooperative community across the country participated in six focus panels. A discussion outline covering a range of conditions confronting agriculture in general and cooperative in particular was sent to each participant before each focus group met. The focus group panelists engaged in brainstorming sessions and free-form discussion, framed by the set of “contemporary” cooperative principles formulated in the 1987 study. Commentary from each panel is reflected in this report. However, no comment is directly attributable to any panel member. This report identifies challenges facing agricultural producers and their cooperative as they enter the 21st Century and suggests a foundation for developing options and strategies to meet those challenges.76

Dr. Kaware S.S., P.P. Pawar and S.N. Lilakar in their paper, “Agro-Processing Co-operatives in Maharashtra”, have highlighted that the co-operative sector has made remarkable progress in the field of sugar, cotton, milk, oil and fruit and vegetable processing. In the changed scenario, the co-operatives, if numbered properly with proper attention, it will play a very prominent role in the agricultural produce processing, marketing and distributions. A.K. Sing, and N.K. Yadav, in their paper, “System Management : A Need of Sugar PSUs,” have discussed the reasons because of which sugar PSU are not in sound position. They say that we need full bench marking the Kaizen principles of all round development; only then sugar PSUs can realize Six Sigma Effect of Total Quality Management.77

Dr. B.D. Khandare (2007) in his paper attempts to examine the growth of sugar industry and studies its contribution to economic development. Sugar is known to people of India for more than 2000 years and there is sufficient evidence to show that India is the home of cultivating sugarcane and manufacture of sugar. The sugar industry is the second largest agro-based industry in India next to textile. This study is based on secondary data collected from government publications and periodicals such as “Cooperative Sugar” and “India Sugar” for the period 1981- 1982 to 2003-2004. The data

included area, yield and production of sugarcane, sugarcane crushed, sugar output and recovery. The data on contribution of sugar industry in socio-economic transformation of rural India was also collected. Simple growth rates, average, percentages and ratios were worked out.

The results of the study indicated rising trend in number of sugar cooperatives. The annual average growth in India was 0.52 percent in sugar output, 0.08 percent in sugar recovery, 0.17 in sugarcane area, 0.09 percent in sugarcane yield, 0.19 percent in sugarcane production, and 0.33 percent in sugarcane crushed during the study period.

The growth of sugar industry has helped the Indian economy in many ways. The sugar cooperatives have played a pivotal role in modernization of agriculture and in the socio-economical and educational transformation of rural society.78

Co-operative marketing has a long history in India, back to 1912 was passed. Co-operative marketing helps farmers to pool their produce and secure a better price in the market. They compete effectively with firms and/or individuals who earn unreasonably high profits by increasing farmers’ bargaining power in the market, thus ensuring incentive price for them. Marketing co-operatives also increases the productivity of farmers and

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78 Khandare, Dr. B.D. : Growth of Sugar Cooperatives and Economics Development in India”. (2007), ICABE Conference
lowering their cost by pooling the input purchase requirements. A look at some of the literatures on co-operative marketing.

Adrain Palmer, Shirley Barett & Sharon Ponsouby (1999) wrote a paper on “A Behavioural Analysis of Co-operative Marketing Organisations”. Most research data on co-operative marketing has focused on large organizations. This paper explores co-operation that takes place between smaller businesses for the purpose of marketing the generic element of their product. A review of literature discusses the business and social objectives of co-operative marketing organizations. It is suggested that the social element of such groups may be more important than in the strategic alliances of larger organizations. A proposition is developed that co-operative marketing groups have a tendency to begin life with a business focus, but over time a social focus becomes more important. The proposition is tested by a qualitative study of cooperative tourism marketing groups. While business objectives were cited by most co-operative groups as their primary goal, evidence within this study suggests that a drift toward more social objectives occurs as association matures. A adopting a social role may be a means extending the lifecycle of an association, while the missionary zeal of
newer organizations provides a focus for cooperation which has more clearly defined business objectives.  

Jemal Mahmud (2008), in his thesis, analyse the role and functions of MPCSs in agricultural input/output marketing in Eastern Ligray Zone of Ethiopia. Ethiopia is among the poorest countries in the world where agriculture is the major source of living for more than 83 percent of its people. Besides, the sector is the dominant one in the national economy. But agricultural performance in production and productivity is poor to bring sustainable changes in the living standards of the rural community. Among others, underdeveloped agricultural marketing system is a major factor responsible for the poor performance of the sector.

In order to see the role of cooperatives, it was preferred to give emphasis on evaluating their overall performance and members’ participation as well as perceived problems in using the available services. Simple percentage analysis ratios analysis, descriptive and econometrics model were employed to identify determining factors of the role of cooperatives in performing their activities as well as participation of the members. Therefore, two districts and seven MPCSs were selected at random from Eastern Ligray Zone for the study. A total of 162 member household of cooperatives were

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considered for this study and were included in the econometric model. In addition, secondary data obtained from relevant institutions were used.

The result of performance of MPCSs was presented organizing into three categories such as functional, organizational, and financial performances. The result shows that MPCSs in Seesi-Tsaeda-Imba are functioning better in food grain distribution, input supply, and credit provisions than MPCSs in Atsiby Womberta. MPCSs in the two districts provided both medium term and short term loans for fertilizer and seeds, and household package programmes. With regard to organizational performances, the cooperatives have their own working procedures and systems, by-laws, employees and boards, and working areas. Ratios were analysed taking the five years financial data (2002 and 2006). The liquidity analysis, financial leverage, and profitability ratio showed that the over all performance of cooperatives under investigation were weak or below the desirable level. T-test and result showed significant difference in age, livestock ownership, crop, production, annual income, expenditure, input purchased, share capital contribution between the mean of two sample groups at less than 10 percent probability level, chi-square test result : sex, access to input/credit, membership, educational status, and so on showed that significant differences between the two sample groups at less than 10 percent probability level Economic Software called “Limdep” was employed to estimate the Tobit
Model to identify factors influencing the participation (intensity of participation). Probability of participation appeared to be significantly and positively influenced by education status, sex, number of paid up share capital, off-income, livestock owned, access to input credit, membership status, access to alternative marketing and members' satisfaction; while the influence of members' age, off-farm income, and access to alternative market had inverse relationship and significant to determine participation. Perceived role performance perception of members' on transparency, expenditure, on-farm income, annual income, input purchased, perception on input/output process etc. were not significantly related to the dependent variable. Moreover, perceived problems and members' suggestions were also identified sufficiently to analyse role of cooperatives such as internal/organizational, external and infrastructure related problems. Performance of cooperatives and members' participation were used as key factors to analyse cooperatives' role in agricultural input/output marketing in the study area. The policy implication is that Government, NGOs and other stake holders need to give emphasis on improving individual, organizational and institutional capacity of cooperatives.80

Most research to date on co-operative marketing has focused on large organizations. This paper by Adrian Palmer and others (1999) explores co-operation that takes place between smaller businesses for the purpose of marketing the generic elements of their product. A review of literature discusses the business and social objectives of co-operative marketing organizations. It is suggested that the social element of such groups may be more important than in the strategic alliances of larger organizations. A proposition is developed that co-operative marketing groups have a tendency to begin life with a business focus, but overtime a social focus becomes more important. The proposition is tested by a qualitative study of co-operative tourism marketing groups. While business objectives were cited by most co-operative groups as their primary goal, evidence within this study suggests that a drift toward more social objectives occurs as associations mature. Adopting a social role may be a means of extending the lifecycle of an association, while the missionary zeal of newer associations provides a focus for cooperation which has more clearly defined business objectives.81

D.K. Giri discusses about the theoretical issues on co-operative marketing its meaning, definitions, membership, operations relevance of co-operative marketing, genesis, growth, organisational structure, finance,

operations processing, storage, institutions and case studies on each of these.
He further discusses the failure and achievement marketing. According to him
government support is necessary for co-operatives to flourish.\(^{82}\)

Cooperatives are considered shield of the weak. In cooperatives, members with limited mean pool their resources and efforts to achieve much, which otherwise they would not have achieved. Cooperatives are democratic organizations and definitions of democracy given by Abraham Lincoln fits perfectly, ‘for the people, by the people, and of the people’. Mankind’s existence is based on food. Food is one of the primary needs of human being. Natural resources in sea, river, land and mountains fulfill food requirements. Agriculture alone is not sufficient to mankind for more than one reason. Prof. Vrajlal Sapovadia (2004) has therefore, written a paper on “Fishermen Cooperatives: A Tool for Socio-Economic Development.” According to her, fisheries’ industry supplements it to a large extent the food and medicinal requirement. Growth and development of the economy accelerates, if the country having such natural resources, utilize these resources effectively and efficiently. The fisheries industry gets strengthened by way of mutual cooperation of individual fishermen. An individual faces lacunas in business of fisheries, from collection to storage to process to marketing to infrastructure, to

technology to finance needs. This individual strength can be synergies and weakness an individual faces may be eliminated or reduced to form a good fisherman cooperatives. The main reason in Indian context (and may be true for other developing countries) has in their academic, financial and social backwardness.

Besides that, fishermen are victims of social inhibitions, superstitions, uncertainties of weather and old technology. India is a unique case of fishermen cooperative. It is a tool to eliminate poverty, and hence important socio-economic development driver. There is one National level Federation, under which there are 17 state level federations, 18 District level federations and 13,000 primary societies comprised of a 2 million members. The paper highlights strengths and weaknesses of present fishermen cooperatives and suggests ways to overcome it. It is the cooperative folds that can make enabled fishermen to improve their skill, acquire knowledge about technology, market and management, cooperatives can enhance production, processing, storage, transport capacity and back up finance needs. Thus cooperative organisations may compete International Corporations by adding professional management skills coupled with cooperative strength. The paper is based mainly on secondary data.\(^\text{83}\)

P.Sahu and N.B. Pradhan (1998) have found that the National Co-operative Development Corporation (NCDC) Financing Beach Landing Crafts (BLCs) has helped the fishermen to increase fish production. The problems are associated with inefficient operation of Beach Landing Crafts through co-operative societies and lack of repairing facilities on Beach Landing Crafts. In some cases the leaders of the community or societies are found to be responsible for mismanagement of Beach Landing Crafts leading to poor repayment of loans. In case of successful operation of beach landing crafts repayment position is found to be satisfactory resulting in economic improvement of the fishermen.

The problem of marketing with the pre-determined trader aggravates the exploitation of the fishermen. For this some kind of institutional arrangement of consumption loan during the loan period is necessary to make the fishermen free from the clutches of the fish traders and money lenders. A well directed credit marketing linkage with institutional support involving the fishermen communities is needed for the sustainable development of the fishermen.84

Purchasing cooperatives have become an essential tool for many small businesses and consumer organizations. Cooperative purchasing helps

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members reduce costs and obtain better quality products and services. Bruce Reynolds and James Wadsworth (2009), have written a report giving an overview of the variety of purchasing cooperatives that are organized for the purpose of reducing costs and improving the quality of products and services available to members. There are often more benefits for rural communities from membership in purchasing cooperatives for products and services that are less readily available, in comparison to urban areas.

Some of the potential sources of cost reductions and marketing improvements are examined for purchasing cooperatives owned and controlled by independent retailers or farm supply cooperatives. The basic steps in organizing this type of purchasing cooperative and developing its operations on a sustainable basis is reviewed.85

Consumer Cooperatives are a specific type of purchasing cooperative. Food cooperatives, especially natural food stores, are America’s quintessential consumer cooperatives.86 Dr. Shri Kumar Sharma and Shweta Sharma in their paper “The consumer Co-operative Societies – Challenges and Opportunities Ahead”, have suggested that care has to be exercised while fixing the prices


of goods sold by consumer co-operatives. The Government should develop a more favourable attitude towards consumer co-operatives and extend its positive support to the movement by providing financial and technical assistance. Dr. P. Sundara Pandian and Prof. V. Manohar in their paper “Inventory Control Models for Co-operative Wholesale Stores”, are opined that most of the co-operative stores are making losses due to the ineffective and poor inventory management system. Efficient management of the inventory will increase the efficiency of the co-operative whole-sale stores.  

Housing co-operatives have become an increasingly attractive option because the cost of housing continues to rise. Housing co-operatives make housing affordable to millions of Americans from every walk of life and income level. Edited by V. Tucker (1982) the book, “Co-operative Housing in Ireland” is a collection of papers which provide a comprehensive overview of the various problems and prospects of the Irish Co-operative Housing Movement. A series of case studies by members of Housing Cooperatives is also presented to illustrate both the successes and pitfalls encountered by housing co-operatives groups.  

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On the other hand, U.C. Panigrahi and B. Patro (1998) have studied several problems of the housing co-operatives in Orissa. According to them, a large number of housing co-operatives assign priority for financing the house construction activities of individual members rather than undertaking construction of houses by themselves. Many of them confronted the problem of overdue which is responsible for losses. A large number of them are not sufficiently dynamic and efficiently managed to prepare and submit feasible project proposals for obtaining institutional loan from various agencies. The above co-operatives are more or less urban based and do not fulfill the needs of poor sections of the society as they provide loans to employees of government only. There is no effective co-ordination between housing co-operatives and other housing development agencies.

They suggested certain measures like liberal contribution of the State Government towards the share capital of Apex Co-operative Housing Corporation provision of more funds to the National Housing Bank to the Corporation under its Refinance Scheme for lending the same to the housing and liberalization of terms the and conditions of the schemes related to audit, undertaking of suitable measures by the State Government to remove the difficulties of loan sanctioning process by housing co-operatives, persuasion of housing co-operatives to use local building materials and adoption of low cost
housing technology and improvement in operational efficiency of housing co-operatives to make them viable institutions.\textsuperscript{89}

G. Mohanram and et. Al (2003) in their paper has explained that in the Madurai city of Tamil Nadu, the city dwellers have faith in co-operative housing societies. However, to retain the existing members and to increase the number of members vigorous steps have to be taken. The only major problem the society faces is the competition from other housing financial institutions.\textsuperscript{90}

Hans Jorgensen (2006) writes that in the period from the second half of the 1800s up to the 1920s the ideas of the co-operative movement were spread over Europe. In many countries, not least in Estonia, the role of the agricultural co-operative associations became especially salient during the interwar period. The twenty years preceding the first independence, however, laid the foundation for this rather successful agricultural export performance but prior to 1919 a majority of land was in the hands of the Baltic-German nobility. Therefore, after national independence, land reform (1919 – '26) and the growth of agricultural co-operative associations became crucial components. In many former parts of the Russian Empire and in East-Central Europe similar – yet not identical – developments took place. This paper put


the main focus on the agricultural co-operative development in an institutional perspective prior to the 1920s. A specific focus is devoted to the Estonian case, which is seemed in the light of the parallel development in neighbouring countries.91

H.R. Kishnaiah Gowda (2003) in his book looks into the “Tribal Cooperatives in India”. Co-operative is a wonderful idea and subject. Co-operative movement in India has a record of a hundred years or so. Both as a popular movement and as a business proposition it has seen many upheavals during its existence.

Organisation and evaluation of co-operative institutions to look exclusively of Tribal people in India is a little over a quarter of century old. These institutions established to cater to the needs of tribal people. They owe their organization mainly to K.S. Bawa Committee Report, 1973. These institutions are multi-purpose with their main thrust on collection and sale of minor forest produces. This book analyses, in depth, the structure, organization, working, success and failure of the tribal cooperatives in India in general and in Karnataka State in particular.92

S. Mahalingam (1990) writes on the “Role of Co-operative Organisations in Developing Tribal Economy”. According to the author, India is one among the few nations of the world noted for its tribal concentration. Tribals are among the most downtrodden sections of the society who have to deal with age-old social and cultural prejudices and hostile environmental factors. Their integration with the main stream of national life has been recognized as a necessary condition for their welfare.

In this context, co-operatives have been recognized as notable institutional framework for the development of hill and tribal areas. As an ideal institutional structure for the development of hill and tribal areas, cooperative organizations have helped in upgrading the economic status and the quality of life of the tribals as they can bring vulnerable sections within a common fold, supplement their meager resources by providing concessional credit and workout a scheme for their economic betterment with adequate financial support from the government.

A serious attempt has been made in this book to explore the structure of cooperatives in the predominantly tribal areas of Tamil Nadu to assess their role in toning up the tribal economy in an empirical manner. This book offers the most up to date and comprehensive coverage of cooperative setup in tribal areas. It will serve as valuable reference to co-operators, social scientists,
anthropologist, government policy makers and research organizations interested in tribal economic development.93

3.6 Cooperatives and Economic Development:

Today, in an era when many people feel powerless to change their lives, cooperatives represent a strong, vibrant, and viable economic alternative. Cooperatives are formed to meet peoples mutual needs. They are based on the powerful idea that together, a group of people can achieve goals that none of them could achieve alone.

For nearly two centuries now, cooperatives have been an effective way for people to exert control over their economic livelihoods. They provide a unique tool for achieving one or more economic goals in an increasingly competitive global economy. Cooperatives have been credited with providing social and economic as well as political upliftment of the society.

Admad Bello Dogarawa (2005) in his paper examines the role of cooperative societies in economic development. The aim is to investigate the ways in which cooperatives can act as agents towards sustainable community development. This paper is a descriptive survey, which involves the collection of data for the purpose of describing the role of cooperative societies in

economic development. The paper posits that for 160 years now cooperatives have been an effective way for people to exert control over their economic livelihoods as they play an increasingly important role in facilitating job creation, economic growth and social development. The paper concludes that to be effective and successful cooperatives must continuously achieve two inter-related goals: enhance viability and improve ability to service its members; and remain an economically viable, innovative and competitive enterprise.94

The contributions of cooperatives to economic upliftment can be ganged by the fact that even the UN General Assembly (11 February, 2010) in its Sixty Fourth Session recognized that cooperatives, in their various forms, promote the fullest possible participation in the economic and social development of all people, including women, youth, older persons, persons with disabilities and indigenous peoples, are becoming a major factor of economic and social development and contribute to the eradication of poverty 2012 was also declared as the International Year of Cooperatives.95

The present United Nations Secretary-General Ban Ki-moon’s message on the ‘International Day of Cooperatives’ 4 July 2009 said that the first

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95 Resolution adopted by General Assembly of the United Nations in its Sixty Fourth Session.(Agenda item 61(b))
cooperatives were born more than two hundred years ago when rural entrepreneurs and farmers decided to pool resources and help one another to overcome their limited access to commercial opportunities. Subsequently, retail cooperatives emerged to help poor households escape the debt trap and provide better quality goods and services. Cooperatives have since developed in many areas, from manufacturing to financial services, spurred by the desire for more equitable way of working and doing business.

He goes on to say that, at a time of global economic distress, this history deserves to be more widely known. The theme of this years’ observation of the International Day of Cooperatives – “Driving Global Recovery. Through Cooperatives” – highlights the value of cooperative enterprise. Cooperatives can strengthen the resilience of the vulnerable. They can help to establish more balanced markets for small farmers and give small entrepreneurs access to financial services. They can create job opportunities and improve working conditions.

Further, he says that the economic model of cooperatives is not based on charity, but on self-help and reciprocity. In countries hit by financial crisis, the cooperative bank and credit union sector expanded lending when other financial institutions had to cut back, easing the impact of the credit freeze on the most vulnerable. This highlights the importance of strong alternative
business models and institutional diversity for the resilience of the financial system.

Cooperatives deserve greater support. The Secretary-General urge Governments to adopt policies that support the establishment and development of cooperatives. Consumers, too, can help by buying food produced by small-holder cooperatives that is traded in fair markets.

In the face of the current economic crisis, communities around the world are rediscovering the critical necessity to work for the common good. On this International Day, he encourages governments and civil society everywhere to recognize the effectiveness of cooperatives and to engage with them as vital partners for global recovery and achieving internationally agreed development goals.96

Coop AFRICA Working Paper No. 7(2009), Thabo Lucas Seleke and Mogopodi Lekorive wrote that in Botswana Cooperatives were established by the government immediately after independence and operated to facilitate the interests of government. The movement experienced phenomenal growth in the first two decades of operation and made substantial contributions to rural development. However, reforms undertaken to mobilize liberalization signaled a new era in cooperative development, leading to stagnant growth, donor

flight, decline in membership, poor sales and poor management. Emerging multi-purpose cooperative encountered stiff competition from large chain stores and marketing livestock cooperatives suffered huge setbacks associated with Foot and Mouth Disease. As a result, the cooperative movement in Botswana witnessed tremendous decline and is now in a near state of collapse. The paper highlights the relatively recent emergence savings and credit cooperatives as the only hope for rejuvenating the Botswana Cooperative Movement.97

Bezabih Emana(2009) Coop AFRICA Working paper No. 9 “Cooperative : a path to economic and social empowerment in Ethiopia” writes that cooperative associations have existed in Ethiopian society for centuries. However, the history of formal cooperatives in Ethiopia dates back to 1960, when the first cooperatives’ directive was enacted. Since this time cooperatives policy and law has undertaken many reforms and cooperatives have come to play a crucial role in economic and social development. For instance, the cooperative sector created approximately 82,074 jobs and provided over half a billion Ethiopian Birr in income from this employment in 2007. The participation of cooperative in agro-processing, marketing and finance (saving, credit and banking) is increasing. A social role of cooperatives

is ensured through voicing of common goals via cooperative union, enhanced participation in value chains and protection of producers from unfair pricing. However, the functioning and development of cooperatives and their support institutions is constrained by frequent reform, shortage of skilled human resources and limited awareness of cooperative approaches to development.⁹⁸

In yet another Coop AFRICA Working Paper No. 13 (2009), Charles Hlatshwako in his paper entitled “Economic Empowerment of Swazi Society through Cooperative Development” wrote that there has been a growing negative perception of the cooperative sector in Swaziland in recent years, and the Swaziland Government has found it necessary to address emerging problems. As a way forward, the government has transferred the Cooperative Department from the Ministry of Agriculture and Cooperatives to the Ministry of Commerce, Industry and Trade. The Cooperative Department has been tasked with determining the validity of the emerging notion that cooperative practitioners are deficient. The collapse of the Central Cooperative Union (CCU) of Swaziland, the incomplete project of the Swaziland Association of Savings and Credit Cooperative (SASCCO), the failure of Assikhutulisane’s Sentra Supermarker, are among the cases of poor performance that may have contributed to the negative publicity of the cooperative movement in

Swaziland. The paper finds that the performance of the cooperative movement remains below expectations, but that there is considerable potential for improving its status in order to achieve economic empowerment through cooperative development.99

Mohamed Lahai O’Bai Samura (1982), in his thesis (PH.D), ‘The Role of the Cooperative Movement in Gambia’s National Development’ analysed the Gambian Cooperative Movement in both an historical descriptive sense and in a socio-economic developmental approach. After an intensive survey of the Gambia, its people, land and history and the ethnological and demographic background so necessary to appreciate the human nuances in the development process, an historical description, analysis and commentary is made of the Gambian Cooperative Movement from its roots as described in the reports going back to 192 examining the then agricultural conditions and needs of the Gambia, and the early efforts at cooperative development by pioneers such as Edward Francis Small. Finally, the Gambian Cooperative Movement experience is integrated into a simple model matrix of rural economic development wherein the role of cooperative can be scan to play a significant contribution as both an “input” and “output” in the development process: cooperatives not only achieve goals (outputs) increased agricultural

productivity and production, but by their very nature, automatically as “inputs” aid in such national socio-economic political goals as equity, education, democratic participation and decentralization. Thus, cooperatives serve a dual role in development, as well as a mean to other ends.\textsuperscript{100}

Azmah Othman and Fatima Kari (2008) in their paper “enhancing Cooperative Movement to Achieve Malaysia’s Development Goals” wrote that the importance of co-operatives as a mechanism for growth and development which has been the emphasis of social philosophers and economists around the world. This is evidently clear as co-operatives today are found in nearly all countries of Europe and North America.

Since first introduced, eighty five year ago, there is no denying that the co-operative movement has had an impact on the Malaysian economic development. In 2006, there were 41,895 co-operatives registered with 5.86 million members, co-operatives capital share amounting to RM 37,401 billion. These statistics indicate that co-operatives have had the support of the people and undertake activities contributing to economic growth. The government’s continuous commitment to co-operative development is a reflection of confidence in co-operative movement in Malaysia.

The objective of this paper is to evaluate co-operative policies, programs and their performances. As user-oriented organization, the success of a co-operative relied heavily on its members. Besides members, board of directors of a co-operative must fulfill their responsibility efficiently and effectively in order to secure co-operative success. Co-operatives in Malaysia are at a cross roads due to stiff competition and challenges from other institutions and organizations that are also expanding and developing rapidly with increased opportunities in and outside Malaysia. The issue of whether co-operatives are still relevant and can maintain their integrity and continue to develop at the same pace if not faster in the future contributing to the country’s development process is discussed. The need to reach out to the poorest of the poor is still imperative in Malaysia. It is recognized that an efficient co-operative movement in Malaysia can play this role in helping the poor.\(^{101}\)

Ryan Gibson (2005) researched and prepared a RDI Working Paper # 2005 – 3: “The Role of Co-operatives in Community Economic Development” is of the opinion that co-operatives, as a business model, are not a new concept in Canada. Since the late 1860s, co-operatives have been utilized by various groups, communities and regions. The goal of this paper is to assess