Problems and Challenges of Cooperative Societies in Mizoram

In the previous chapter, we have given a brief discussion on the role of government and its agencies at the centre and state levels in relation to cooperative societies in India. Various Central Sector and Centrally Sponsored Schemes like Cooperative Education and Training through National Cooperative Union of India and National Council for Cooperative Training, Sectoral Assistances through National Cooperative Development Corporation, Integrated Cooperative Projects, Strengthening of National Level Cooperative Federations, Revitalisation of Cooperatives, Cooperative Spinning Mills, Cooperative Cold Storage, Special Projects for cooperatives in under-developed states, etc. are being implemented by the Ministry of Agriculture and Cooperation to promote cooperative movement in the country. At the state level, besides the constitutional obligations assigned to them, the states have to make legislation and take care of all necessary measures for the growth and success of cooperative movement in their respective jurisdictions. To fulfil these tasks, the state of Mizoram is also taking different steps and this has been discussed under the role of state government. It also covers the steps taken by the Department of Cooperation, Government of Mizoram.

The present chapter discusses the problems and challenges being faced and experienced by cooperative societies in Mizoram. As stated before, though the cooperative movement has a long history among the Mizos, the people hardly found any commendable success made by the cooperative societies in Mizoram. While the Mizos are known to have good community life and a closely knitted social life, the cooperative movement occupies a back seat in the Mizo society. In spite of all arrangements and support given to the cooperative societies by the state and the central governments, the cooperative movement could not make any remarkable stride. Most of the problems faced by the cooperatives of different states in India are the same in nature. While many of these problems can safely be generalised, there are also some problems and challenges which are peculiar
and that may be applied to the cooperative societies in Mizoram. These problems are discussed under different heads like, problems relating to organisation discussing some loopholes and challenges on the existing structures and institutions; personnel and office bearers; functions and processes; finance and other resources; laws, rules and regulations; administrative problems; and material, technological, social and cultural and political problems.

In regard to the task of uplifting the cooperative societies as well as reinforcing the Department of Cooperation, the performance of state government, especially in Mizoram has not been satisfactory in the eyes of some of the enthusiastic cooperators. At the same time, it is the cooperative societies and the members themselves, who are no less responsible for the success of cooperative movement as a whole in Mizoram. There are a number of problems prevalent and being faced by the cooperatives here, which have been diagnosed through the answers and remarks given by the majority members of cooperatives and other concerned people while responding to the questionnaires and its related questions asked on this issue. These problems and challenges are tried out from various corners and angles using different methods which are given under the following heads.

6.1. **Problems relating to organisation and structure**

Since cooperative societies in different states of India largely owe their existence to the government and the concerned department which deals with their working and very existence, it is necessary that the organisational and the institutional set up, both in the department as well as in the cooperatives themselves should be sound and proper.

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1Interview and discussion with Mr. Lianthangpuia, President, Mizoram State Cooperative Union on 12.06.2010. He expressed his deep concern on the poor performance of the Government of Mizoram in general and the Department of Cooperation in particular to boost up cooperative movement in Mizoram. This idea is subscribed by a good number of cooperative members under study.
The term ‘organisation’ refers to a mechanism which enables people or members to work together. In a static sense, it is a structure, manned by group of individuals who work together towards a common goal. As a framework, it facilitates proper utilisation of men, material and money for the achievement of goal. Organisation may be of two kinds like formal and informal organisations. By formal organisation, we mean the organisation as deliberately planned, designed and duly sanctioned by competent authority. It is the organisation as it appears to the observers from outside and as shown on the organisation chart or as described in the manuals and rules. Informal organisation, on the other hand, comes into existence due to social interactions and interpersonal relationships. It exists outside the formal authority system without any set rigid rules. Though unrecognised, it exists in the shadow of formal structure as a network of personal and social relations, which must be understood and respected by the management. Hence, the informal kind of organisation also needs to be recognised and strengthened for the well functioning of any kind of the organisation.

Though the Department of Cooperation is one of the oldest departments in the state which had started its functions from 1951 as a Sub-Divisional Office under the Government of Assam, it still remains as one of the smallest and neglected developmental departments in Mizoram.

Taking first the institution of Registrar of Cooperative Societies, the post itself seems to have lost its significance on the part of the state government. While the institution of Registrar was created by the Cooperative Credit Societies Act of 1904, he was deemed to be regarded as friend, philosopher and

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4Interview with C.Lalchhunga, Asst. Registrar of Cooperative Societies (Rtd.) on 23rd October, 2010. He expressed his concern and resentment against the Government of Mizoram on many issues like, unsatisfactory allocation of budget, reluctant in post creation, etc. Other enthusiastic cooperators also hold the same idea.
guide of cooperatives and also to act as Brahma (Creator), Vishnu (Nurturer) and Mahesh (Destroyer). The Governor General while replying to the debate on the Bill explained the importance of the institution of Registrar and mentioned that the Registrar’s first duty would be to preach the gospel of cooperation in the province to which he was attached; select places for his experiment; and induce people by his personal influences and by his observing power to entrust themselves in his schemes. He was visualised to occupy an enviable position in the administrative set up. In Mizoram, the government fails to fulfil most of these recommendations except an IAS officer is appointed as Registrar; but this used to be done without serious consideration of personal suitability and for the progress of the cooperatives and the department as well. As was seen during this research study, the post of Registrar was filled with junior and newly conferred IAS officers. They serve the office for just a short while and are replaced with new ones. This is the trend even today and is clearly revealed by the appointment of as many as 32 (thirty-two) officers to manage the post of Registrar of Cooperative Societies during the period from Mizoram was a Union Territory in 1972 to March 31, 2009 i.e. 36 (thirty-six) years. The average incumbency of each Registrar is slightly more than a year.

It may be understood, here, that nothing great could be achieved during such a short period of time or one could not have an in-depth knowledge and interest on cooperative movement of the state as visualised by the Cooperative Societies Act of the state itself.

The Department of Cooperation lacks administrative and financial expertise. This is understood in its practices and from the views and experiences shared by retired cooperative officers. There is no provision in its recruitment


and service rules to infuse administrative and financial experts like Mizoram Civil Service (MCS) and Mizoram Finance and Account Service (MF&AS) officers in the department. Almost all the administrative positions are fed and filled in by promotion from below.

Moreover, chance for direct recruitment of educated youth to manage the Mizoram State Cooperative Service is so poor that only few Junior Cooperative Inspectors are recruited through competitive examination conducted by the Mizoram Public Service Commission. Method of recruitment given by the Mizoram State Cooperative Service (Amendment) Rules, 2009 is as follows - 75% of vacancies in Grade-IV of the service shall be filled up by promotion from amongst the members of Sr. Inspector/Auditor of Cooperative Societies who have put in not less than 5 years regular service in the grade. The method of recruitment shall be 'Selection' on the basis of Merit-cum-Seniority; 25% of vacancies in Grade-IV7 shall be filled up by direct recruitment through open Competitive Examination from graduates of any discipline from a recognized university.

As the office of Registrar is restricted to an IAS cadre post, the department could hardly have permanent Registrar. He comes only for one or two years and goes to other departments. Even in this short span of time, he is always made to hold his office in addition to other departments, thereby denying him from concentrating in the affairs of cooperation and its movement.

Besides, the senior officers of the Department of Cooperation aspire for chances of promotion to the top post in the department which is saturated at the level of Additional Registrar as they do not belong to the IAS cadre. This feeling may result in loss of interest and motivation in service.

7Rule 5 of the Mizoram State Cooperative Service (Amendment) Rules, 2009 has given the following Grades of Service namely, Grade-I Additional Registrar of Cooperative Societies; Grade-II Joint Registrar of Cooperative Societies; Grade-III Deputy Registrar of Cooperative Societies; and Grade-IV Assistant Registrar of Cooperative Societies.
Cooperative societies in Mizoram also seem to be suffering on account of limitation in area of coverage. Most of the cooperatives, especially in villages, are very small in size as they are concentrated in one village or locality only. As a result, they cannot boost up their resources and this makes their paid up share more or less stagnant thwarting their progress and extension of operation.

Unlike in other places like European countries, where the people initiated the movement under their own leaders who actually had striven for ameliorating the economic conditions of the people and sought for cooperative solution, the cooperative movement in India was rather imposed on the people. As it is in the case of most of the developing societies, the formation of cooperative societies in Mizoram is based largely on the initiatives of the government. This kind of cooperative formation is always blamed for the lack of belongingness and the sense of responsibility toward their own cooperatives among the members.

There are three tiers structure of cooperative societies in most of the states of India based on the area of jurisdiction like primary or village levels, district levels and at the state level. In some states, there are cooperatives even at the block levels. This kind of three or four tiers formation is not followed in Mizoram. It was found during the course of this study that only two tiers structure of functional cooperative societies are active in the state having jurisdictions at the village and state levels; thus allowing wide gap of communication and interaction between the two extremes.

The state level cooperatives in Mizoram are also known as Cooperative Federations and the village level cooperatives are associated as members of these cooperative federations. Here, the gap between the two levels of cooperatives, skipping cooperative organisations at the district or block level, is so wide that it is difficult to have good link and proper cooperation for the progress of cooperative movement. It is always difficult for primary cooperatives that are at

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the remote countryside to participate and bring their interests directly at the state level cooperative fora.

It is found, after visiting cooperative societies of different categories and trades, that a good number of them, especially weaving cooperatives, are what the members themselves called ‘Family Societies’. Though the Mizoram State Cooperative Societies Act, 2006 (as amended up to 2012) clearly prescribes that membership in the cooperatives should be in the manner of one member from one family, this is not followed in many places that some societies comprise of members who are living under one roof, their kin and next of kin only. This kind of mal-practice is against the cooperative spirit and movement.

6.2. Problems relating to functions and processes

With the functions and processes, we mean that the functions provided to the Department of Cooperation, Government of Mizoram and to the cooperatives themselves by the Mizoram Cooperative Societies Act, Rules and bye-laws which are in operation and the processes under which the cooperatives discharge their business.

Section 7 (1) of the Mizoram Cooperative Societies Act, 2006 (as amended up to 2012) gives the power of auditing cooperatives to the Registrar of Cooperative Societies or person authorised by him. As being practised, the cooperative audit team is always led and headed by a senior Cooperative Inspector from the Department and set out to different places to audit the accounts of cooperative societies. Here, it is not proper and looks odd that an Inspector is made to audit the funds and financial performance of his superior deputed as Managing Director in the state level cooperatives who has always

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9Section 7 (1) of the Mizoram State Cooperative Societies Act, 2006 (as amended up to 2012) provides that a primary cooperative may be registered with a minimum of twenty natural persons drawn from or belonging to different families either with limited or unlimited liability.

10Section 85 (1) of the Mizoram State Cooperative Societies Act, 2006 (as amended upto 2012) provides that the Registrar shall audit or cause to be audited by person authorised by him by general or special order in writing in this behalf, the accounts of every registered Society and Society under liquidation once at least every year.
been the writer of his Annual Confidential Report. He might be hesitating to disclose financial misappropriations and would compromise with malpractices thereupon.

Another factor for the weakness of a good number of cooperatives in Mizoram is narrow area of operation and membership coverage. A good number of cooperative societies in Mizoram are of single purpose cooperatives. This kind of cooperatives always fails to entertain and attend to the multiple problems of their members and the public at large; as the assistance rendered by them is more or less from a single direction and one angle only. Under this situation, it has been difficult to make much progress and development. Membership drive and quantitative expansion are also hampered by this tendency of single purpose operation.

Lack of faithfulness and a sense of self-sacrifice for the good of cooperatives are some of the most serious problems faced by the cooperative societies in Mizoram. Almost all members of the cooperatives under study lay emphasis on faithfulness and sacrifice for the success of their cooperative societies. This study reveals that lack of faithfulness and the feeling of self-aggrandisement among the leaders greatly responsible for the bankruptcy of cooperative societies. The history of one cooperative may be mentioned here which shows that its new leaders, who occupied governing positions by means of secret campaign and vested interest, soon after they hold the key position, started misappropriation of funds in the business of cooperative. A criminal case involving corrupt practices was filed and all of their cash books and business records were seized by the authorities sent by the Registrar of Cooperative Societies. Since then, they have been suffering from the burden of debt repayment which makes their cooperative almost impossible to be revived.

The cooperative societies in Mizoram also lack proper action plans and long term goals. From the research field work and interviews, it has been found that most of the cooperatives covered in Mizoram do not have proper action plans and set goals to be achieved within a stipulated time frame. This largely
leads to the slow progress and failure of the cooperatives in Mizoram. Most of them seem to be contented with the status-quo or have no vision for future progress and expansion. To be successful and have a steady progress, it is more or less indispensable that the organisation sets an action plan and programmes for the success of which all the members are responsible. Maintenance of the status-quo for a long time is the sign of weakness and failure of the organisation and this holds true in the case of cooperative organisations. The Department of Cooperation, Government of Mizoram is also blamed of lack of long term action plans and vision as criticised by some of the enthusiastic cooperators so long as qualitative and quantitative growth of cooperatives is concerned.

The criteria prescribed by the bye-laws of state level cooperatives to contest election for leadership positions are too vague and can debar good and experienced cooperators from contesting leadership posts. One has to be an acting president of the concerned affiliated or member cooperative to file nomination and contest for leadership election to a federal cooperative society. This shows that a good, experienced cooperator, who is not a chairman or president of his primary cooperative at the time of state level cooperative election would automatically be disqualified from contesting the election.

Pre-leadership election pledges made by the candidates are always the source of preferential treatment and corrupt practices in the cooperatives. While carrying out research field works, free and frank discussions were held; besides interview of members of cooperatives. It was found that at the time of cooperative leadership election campaign, the candidates or the contestants used to make election pledges and promises to the member voters. Some of the contestants promised that voters would be appointed as Board Members of state level cooperatives if they make them leaders. They also made pledges to give them cooperative loans if the members elect them to occupy leadership posts especially of the credit cooperative societies. These kinds of promises invite misuse of official power, narrow mindedness and undue favouritism in the management of cooperative affairs and business.
The system of election for cooperative leadership in Mizoram is also found unhealthy. The contestants are always busy with making pre-poll leadership line up for election that shattered the feeling of oneness among the cooperators. Making of supporting line-up for election is about a decade-old practice in Mizoram\textsuperscript{11}. When a particular line up occupies the leadership posts at the state level cooperative federations, some members of their allied cooperatives are automatically taken in as Board Members and are favoured in many respects to reward their support. Witnessing this kind of preferential treatment on the part of the leaders, cooperators who were defeated at the time of election came out with dismay and the feeling of suspect towards their leaders.

Many of the cooperatives in Mizoram seem to be old age homes especially in the rural areas. Bye-laws of different cooperatives prescribe membership to individuals from the time of joining the cooperatives till death and do not provide age of retirement. They provide only minimum age for general membership at eighteen (18) and fifteen (15) in case of the students. Because of this, chances for the recruitment and inclusion of educated and vibrant youth in the cooperatives as leaders or members are very poor. This is a problem not only in Mizoram, but also throughout India\textsuperscript{12}.

In a strategy of cooperative development, it is important that besides educating those who are already within the fold of cooperatives, those who are outside of it should also be made aware of the role and contribution of

\textsuperscript{11}We met some contestants of the coming leadership election who were visiting cooperative societies at different places and had good time for discussion on election processes and issues on 8.5.2011 at 3:00pm. Some are also doing house to house campaign visiting cooperative members with a hope to make their line stronger.

\textsuperscript{12}While having an informal discussion with Sri V.K Suri, Chief Managing Director of National Cooperative Development Corporation in his office, New Delhi on February 9, 2009, he stressed on the need of incorporating educated and vibrant youth as much as possible in the cooperative movement of India to cope with the New Economic Policy and the consequent changes which have taken place in the country’s economy.
cooperative sector. This is particularly relevant in the case of younger generation which can, in the course of time, throw up a large number of cooperators.\textsuperscript{13}

6.3. \textbf{Lack of awareness and inadequate cooperative education and training}

The need for cooperative education has been recognised ever since the inception of the cooperative institutions. In fact, it figured as one of the most important rules adopted by the Rochdale Pioneers. Since then, cooperative leaders have repeatedly stressed its importance. Despite this historical background, the cooperative education failed to receive recognition as a fundamental cooperative principle in 1973 when a Committee of the ICA enunciated this principle for international adoption relegating it to the status of subsidiary principle. But after nearly three decades, the ICA Commission on cooperative principles stressed cooperative education as one of the basic principles of cooperation. It postulated that all cooperative societies should make provision for the education of their members, officers and employees and of the general public in the principles and techniques of cooperation, both economic and democratic.\textsuperscript{14}

The general public and the cooperative members in particular are not well informed about the objectives of the cooperative movement and the contributions it makes in helping and rebuilding the society. Besides, most of the members of cooperatives under study are ignorant of the rules and regulations that govern their very existence.\textsuperscript{15} Special effort is required in this direction to shape the public opinion for the good of the movement. Many people look upon the cooperative institutions as means for obtaining loans, grants, concessions and


\textsuperscript{14}S.S Puri, \textit{Ibid}, p.169.

\textsuperscript{15}Most of the members of cooperatives under study were ignorant of the rules and regulations that govern them. This is largely because of the negligence of the members and publication of the State Cooperative Societies Acts and Rules only in English which is not understood by the majority members.
other facilities from the government and other institutions\textsuperscript{16}. This conception is found even among members of cooperative societies. This clearly shows that the very motive behind the formation of many of the cooperatives in Mizoram is also detrimental to the spirit of cooperative movement itself.

Factors like lack of cooperative education and training; dirty politics of the village, bureaucratic attitudes of the government officers at the lower rank, etc. are some of the hurdles in spreading the correct information about the cooperative movement and in educating the people about its true character and vital role in the society.

Leaders of some of the cooperatives are also educationally unfit to hold leadership posts especially at the state level cooperatives. Because of this, cooperatives in Mizoram always failed to send representatives at the national level workshops, meetings and conferences. The Mizoram Cooperative Societies Act, 2006 is silent on the issue of educational qualification to become leaders or Office Bearers in the village and state level cooperatives.

The Mizoram State Cooperative Union, which is the sole agent of the National Cooperative Union of India for Cooperative Education and Training in the state, is not equipped with adequate manpower and financial resources. There are only five (5) Cooperative Education Instructors to give cooperative education and training to more than 1,400 cooperative societies scattered throughout the state at the time of the present study\textsuperscript{17}.

It is almost impossible for the Cooperative Education Instructors to go out for field visit and give cooperative education and training to the cooperatives in the rural areas because of lack of funds and transportation facilities. They are not

\textsuperscript{16}Research questionnaires proved this fact that majority of the respondents (53.8\%) opined that many of the cooperatives are so; and still 31.5 \% accepted that some of them are formed for obtaining loans, grants, concessions and other facilities.

\textsuperscript{17}Visit of office of the Mizoram State Cooperative Union and interview of Lalchhanhima, Senior Cooperative Education Instructor and his colleagues on 7.12.2010 at 11.00am.
provided with vehicles or adequate financial support. This is a serious problem that reveals the haphazard effort and lack of care for cooperatives by the state government who can allocate more funds for this purpose.

6.4. Problems relating to Finance and other Resources

Budget is accepted as the life blood of administration. This also holds true in case of administration and management of cooperative societies. To deal with cooperative finances, it may be broadly classified into two as internal finances and external finances. Internal finances are essentially what the cooperatives mobilise from members and non-members or accumulated as corporate savings. While the external finances, as the term itself implies, are provided to cooperatives by external agencies such as the state, public financial institutions and commercial banks\(^\text{18}\).

The state government is accused of giving half-hearted effort towards cooperative development. A number of cooperative leaders and even the department officers expressed their grievances that the state government is always reluctant to allocate adequate funds for the Department of Cooperation in its annual financial plans against all the proposals to strengthen cooperative movement and its activities in the state. As mentioned before, the neglect of the Department of Cooperation by the Government of Mizoram can be seen from what was committed to the detriment of the movement in the past like diversion of as much as Rs.35.50 lakhs and Rs.2.33 lakhs for purchase of site to build Mizoram House at Guwahati and for Lunglei Greater Water Supply Scheme respectively from the 1992-1993 Cooperation Department’s Annual Plan outlay of Rs.180 lakhs\(^\text{19}\). Diversion of 21 per cent from the total plan outlay is not a small thing.

\(^{18}\)S.S Puri, \textit{op. cit.}, p.149.

Small allocation of funds in the budget is also blamed for unsatisfactory coverage of primary level cooperative societies by the MSCU under cooperative education and training programmes. Funds available for one financial year is always below the expected amount and too tight to cover the rural areas with it.

Leaders of some cooperative societies, especially at the village or primary levels, complained that some auditors used to borrow money from their cooperatives and neglected to repay it. When cooperative officers who audited their accounts and financial conditions requested them to lend money, they dared not turn it down and lent money to please them. This aggravated financial shortages and problems of cooperative societies. It also exposes apparent misuse of official power by the department officers to the detriment of cooperative movement in Mizoram.

Cooperative societies in Mizoram could not avail loans and other cooperative promotion schemes of NCDC up to their expectations as they always failed to meet the required matching share of twenty five per cent (25%) of the total amount to be sanctioned. Moreover, it is difficult and almost impossible for them to have a direct contact with the NCDC, headquartered at New Delhi. Most of the village level cooperative societies in Mizoram are poor both in terms of financial and human resources. They badly need help and support of government to avail such loans.

The system and structure of shareholdings and paid up shares in the cooperatives also need to be revised or restructured. The government holds too much portion of the accumulated share holdings in the cooperatives especially at the state level. As of January 17, 2012, the average percentage of government’s share capital in all the nine state level business cooperatives is 83.30 per cent. This seems to be too high and makes the members feel alien in their own cooperative societies. They cannot have the feeling of belongingness and ownership since government controls almost all their financial domain. They cannot, but depend on the mercy of the government.
The cooperators resent that Government of Mizoram or the Department of Cooperation always counted almost all the financial contribution and grants it provided to the cooperative societies as its share contribution making their share holding highly unbalanced. This creates a problem that members need to boost up their individual share contribution to strike the balance of share in their cooperatives. Even the business cooperatives that make profit could not divide and give away the interests they earned from their hard works as this should be shared in proportion to the amount of share contributed by each member. More than eighty per cent (80%) of the interests earned will go in favour of the government and only the remaining twenty per cent (20%) would be left for the majority members of cooperative. This seems to be unacceptable to the members.

Deputation of cooperative officers at various capacities in cooperative societies is also thought to be waste of money and manpower by some cooperators. Most of the officers deputed are reported to have sucked the budget of cooperatives for their own personal benefits. The cooperatives where they are posted have to provide them with all facilities, official benefits and allowances, official vehicles, etc. from their own funds. This has become a burden and creates problems in their day to day administration.

Financial assistance and loans available through the Department of Cooperation, Government of Mizoram or the Mizoram State Apex Cooperative Bank Limited is too meagre for cooperatives who want to invest more finance in their business operations. Some of the cooperatives visited expressed their concerns in this regard. Government selects some consumer cooperative societies that it thinks fit and gives financial assistance of Rs.10,000.00 per year. Leaders of one village level cooperative society expressed that Mizoram State Cooperative Apex Bank Limited offered Rs.60,000.00 as loan assistance with interest at the rate of six (6) per cent per year in 2010, but they turned it down as the amount was too meagre and would fail to meet their requirement for
expansion of business establishment. They asked for higher amount of loan, but the same could not be provided.

6.5. Problems relating to Laws, Rules and Regulations

Most of the cooperative members, especially in the rural areas and many others from urban cooperatives expressed their concern on the Mizoram Cooperative Societies Act, 2006 and the rules designed for enforcing this Act that they wanted it to be translated in Mizo. As all the volumes of the Act are published in English, majority of the members and even some of the leaders of cooperatives do not understand its contents and provisions. They just listen and depend on the interpretation of their cooperative officers and few of their well versed leaders. So, this has become a problem and could become a big hurdle in the way of cooperative management.

The Mizoram Cooperative Societies Act, 2006 (as amended up to 2012), under Section 46 (5) requires all the proceedings and decisions of the Annual General Assemblies, Special Assemblies and Managing Committees of primary, secondary and federal cooperatives to be approved by their concerned cooperative officers without which such meetings shall not be valid and decisions thereof have no legal force or validity. This is persistently criticised and opposed by the cooperators as it infringes and undermines the principles of cooperative autonomy and democratic member control. In this regard, even the President of NCUI, G.H. Amin sent a letter in 2004 to the Minister, in charge of the Department of Cooperation in Mizoram requesting him to delete this Section 46 (5) of the Mizoram Cooperative Societies Act, 2006 (as amended up to 2012). G.H. Amin, in his letter to K.Sangthuama, Minister of Cooperation, Government of Mizoram, stated that from the above section, it is clear that no proceedings of the meetings of General Body, Special General Body or Managing Committee of any cooperative society has the legal validity unless and until the same is duly approved by the concerned officer of the cooperative department. You will kindly appreciate that cooperative societies, which belong to their members are to be managed as per the cooperative principles adopted by the International
Cooperative Alliance and followed by cooperatives all over the world including India. One of the cooperative principles viz. “democratic member control” states that the cooperatives are democratic organisations controlled by their members who actively participate in setting their policies and making decisions. The above-mentioned section in Mizoram Cooperative Societies Act, 2006 is glaringly against the cooperative principles adopted by the ICA and the spirit of these principles which is not found in the Multi-State Cooperative Societies Act, 2002 or any of the State Cooperative Societies Acts in India\(^\text{20}\).

Section 53 (1) of the Mizoram State Cooperative Societies Act, 2006 (as amended up to 2012) prescribes the term of office of the Board of Management Committee of all levels of cooperative societies to be of five (5) years from the date of election and the term of office bearers shall be coterminous with the term of the board. Section 53 (2) of the same Act states, “Provided that no member shall hold office for more than ten (10) years in succession, or having already held office for ten (10) years, whether in succession or not, be re-elected within a shorter interval than five (5) years from the date on which he ceased to be a member of such Council or Body”. While conducting interviews of the members of cooperatives, a number of them expressed their concern on this provision that the cooperators themselves know who is fit for leadership from among themselves and they would support some of their good leaders to remain in office and manage their affairs even for more than ten (10) consecutive years. But the said provision restricts them from doing so. Before the enactment of the Mizoram State Cooperative Societies (Amendment) Act, 2012, terms of office was prescribed for two (2) years only and not more than four (4) consecutive years that invited many complaints and grievances from the cooperators in Mizoram.

\(^{20}\)President, National Cooperative Union of India (2008, November 24). *Letter to Mr. Sangthuama Ji*. 
6.6. **Administrative Problems**

Administration is the organisation and use of men and materials to accomplish a purpose\(^{21}\). The English word ‘administer’ is derived from the Latin word ‘ad’ and ‘ministrare’ which means ‘to serve’, ‘to care for’ or to look after people\(^{22}\). It is a process of management which is practised by all kinds of organisations from the household to the most complex system of the government\(^{23}\). As it encompasses variety of issues, administrative problems would also cover different activities that an organisation performs and is related to.

One of such problems is the problem relating to coordination and interactions with the government departments and agencies. Since cooperative movement includes almost all sections of economy and the activities of different government departments, good coordination with them has been a necessary ingredient for the progress of the movement. Mutual aids may be channelized and practised in such a way that the Public Works Department may give contraction works to labour cooperatives without tendering the work. But this kind of preferences is not provided to the cooperatives in Mizoram. Some privileges could also be given to consumer cooperatives under the Department of Food, Civil Supply and Consumer Affairs if they want and are capable of serving retail works under Public Distribution System (PDS). But, no cooperative is doing retail of controlled items and commodities and PDS itself is being

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Late 14c., administren, aministren "to manage as a steward," from Old French amenistrar "help, aid, be of service to" (12c., Modern French administer, the -d-restored 16c.), and directly from Latin administrare "manage, control, guide, superintend; rule direct," from ad- "to" to plus ministreare "serve"

politicised and made for favouring party loyalists by the ruling parties in Mizoram as observed during the research study.

Too much interference of government in the day to day administration and functioning of cooperative societies is also a problem. In India, cooperative movement was initiated formally in the year 1904 with the enactment of the first Cooperative Act under the British government. Right from the beginning, the government adopted an attitude of patronising the movement and treated cooperative organisations as part and parcel of economic development and administrative set up. The government interference thus became an essential element in the working of these institutions. As a result, people’s sense of enthusiasm could not grow. This holds true even in the case of cooperatives in Mizoram where the Government took almost all the initiatives for cooperative movement. Even under the clouds of insurgency, the government propagated the gospel of cooperative and set up a number of cooperative societies in various grouping centres of Mizoram where three to five villages were grouped together in the name of good administration and easier management of the affairs of the people. Even today, the state government posted Cooperative Officers as Managing Directors and Managers to head different state level cooperative societies in Mizoram. This deputation of officers is not welcomed by most of the cooperatives except where specialised skill and functional knowledge are required. Moreover, their voices are always ignored by the authorities while doing so. The cooperators feel that their autonomy and democratic member control are at risk.

The Government of Mizoram always failed to strike a balance between cooperative societies and government corporations. In this connection, the cooperators have a grievance that the government, in trying to promote its Corporations like Mizoram Handloom and Handicraft Development Corporation Ltd., Mizoram food & Allied Industries Corporation Ltd., etc., which are running on loss of financial resources, neglects the cooperatives which are the movement of the people. The Government of Mizoram organised and set up Mizoram Apex
Handloom and Handicraft Cooperative Society Limited on September 2, 1977 with an objective to promote the Mizo Handicraft and to obtain self sufficiency in Handloom and Handicraft in the state and selling the produces at reasonable prices. While this Mizoram Apex Handloom and Handicraft Cooperative Society Limited was progressing day by day with increasing number of member societies, Department of Industries, government of Mizoram set up Mizoram Handloom and Handicraft Development Corporation Ltd. to perform exactly the same function with that of Mizoram Apex Handloom and Handicraft Cooperative Society. A large portion of the funds for promoting handloom and handicraft in Mizoram which were available to the cooperatives before has been diverted and incurred for Mizoram Handloom and Handicraft Development Corporation Ltd.

There is also a grievance from the part of cooperative societies that vested interests and favouritism disturbed and hindered coordination and mutual aid between them and the government. For instance, Mizoram Apex Handloom and Handicraft Cooperative Society Limited was appointed to be a supplying agent vide Government of Mizoram order No. B/8012/1/86- IND dated 30\textsuperscript{th} May, 1991, as such supply was issued to government offices, inspection bungalows, rest houses, quarters, agencies, cooperation, institutions, hospitals, dispensaries and jails in the form of curtains, bed-sheets, patients dresses, etc. This made Mizoram Apex Handloom and Handicraft Cooperative Society Ltd. held an important position in the industrial development of Mizoram state as long as this appointment and coordination was in channel. But, with the change of time and government in the state Assembly, things also changed against the weaver cooperatives and the supply of these items in the government establishments was also used for favouring their party loyalists and friends by the politicians and some government officials and their wives.

\textsuperscript{24}Objects given in the Bye-laws of the Mizoram Apex Handloom and Handicraft Cooperative Society Limited. p.3.
The cooperators also resent that Government of Mizoram always reluctant to use the cooperative societies as implementing agencies for social and economic development schemes. The Department of Cooperation is also not included in the process of the New Land Use Policy (NLUP) of the Government of Mizoram; the flagship programme of the ruling Indian National Congress party while other development departments are used as implementing agencies. There are different kinds of cooperatives doing different trades and activities who stand and joint together for a common purpose of self-development in Mizoram. These cooperatives can be effectively used as channels of implementation of various developmental schemes. In other words, the target group of persons may be clubbed together in a cooperative society for easy and efficient implementation of any developmental programme.

6.7. Political Problems

Politics as the actions and activities concerned with achieving and using power in a country or society permeates through all the economic and social systems of the country. Cooperative movement and politics have a very close relationship. While the policy of political parties towards cooperative movement can prove to be quite fruitful for the progress and success of cooperatives; undue interference and excessive hold and control of it can be a big hurdle in the way of cooperative development.

In countries which have multi-party political system and where there are strong cooperative movements or where many people are covered by the movement, all the parties try to influence and have a hold over cooperatives. To illustrate the past experience and performance of some countries, it may be stated that in Italy cooperatives in the urban area are much closer to Communist Party and Socialist Democratic Party, whereas those in rural areas have obvious

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dominance of Christian Democratic Party and other local parties. At the national level, the Lega Nazional delle Cooperative Mutue is said to be closer to left parties. In Austria, farmers’ cooperatives and cooperatives of small farmers are close to People’s Party, whereas consumers and housing cooperatives are closer to Socialist Party. In Denmark, Urban Cooperative Movement is nearer to and influenced by Socialist Party, whereas farmers’ cooperatives have greater proximity to Liberal Party. In Sweden, Agricultural Cooperatives are closer to the Central Party, whereas consumer cooperative movement is said to have inclination towards Democratic Party. In United Kingdom, there is a Cooperative Party which has long affiliation with Labour Party. Similarly, party closeness is observed in other countries like Norway, Finland, Germany, etc.

In India, relationship between cooperative movement and politics has a historical background. The Indian National Congress and other major political parties always included development programme for cooperatives in almost all their propaganda and election manifestoes. Different political leaders also expressed and reiterated their deep concern for cooperative movement. Jawaharlal Nehru, in his message to the 1954 Conference of State Ministers of Cooperation stated that the whole approach to cooperation has been inherent in the National Congress for a generation or more past. Gandhiji also spoke and often wrote about cooperation in the ‘Village’ and even about cooperative farming. Indeed, the objective of the Congress laid down long ago to build up Cooperative Common Wealth in India.

In Mizoram, the nexus between politics and cooperatives is rather complicated so far as past experiences of cooperative movement in the state are concerned. Though the questionnaires revealed that most of the members of

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cooperatives are not aware of political interferences in the process of cooperative leadership elections, the treatment and recognition of cooperatives by the Government of Mizoram is not satisfactory according to some enthusiastic leaders and members of cooperatives. In the past, some Members of State Legislature were appointed as Chairmen of State Level Cooperative Federations. One retired Member of Legislative Assembly of Mizoram, who held the post of Chairman of one of the Federation Cooperatives was deliberately interviewed in the process of collecting primary information. This man expressed that the posts of Chairmen, at that time, were used as baits and allotted to Members of Legislative Assembly who were not given any other high posts in the ministry to gratify them. This kind of practice was quite detrimental to the spirit of the movement. Whenever there was change in the ruling party, Chairmen of the Cooperative Federations were also replaced with another new comer Legislative Member. Moreover, a layman, who has no interest and awareness of the cooperative principles and values of the movement were, many a time, appointed as Chairmen of Cooperative Societies. But, the practice of decorating Members of Legislative Assembly with chairmanship of cooperatives no longer seen and experienced since the year 1998 in Mizoram when the then Indian National Congress ministry decided to hand over the Chairmanship and other governing posts of cooperatives to democratically elected leaders from amongst the cooperators.

While political parties at the national level and in other states mostly formulated their own policies for the development and progress of cooperatives, political parties in Mizoram have failed to give appropriate attention towards the growth of cooperative movement. To be the first one among political parties in the state, the Mizoram Pradesh Congress Committee included cooperatives in its

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30 Interview and discussion with T.C. Pachhunga, former Member of Mizoram State Legislative Assembly who was the last MLA to be appointed as Chairman of State Level Cooperative Society, on December 7, 2012. He also said that had no interest in cooperative movement and denied when the Government nominated him to sit as Chairman of MIZOFED, but had to accept the decision of his senior political party leaders.
Election Manifesto in the 2008 General Election making pledge to set up Mizoram State Cooperative Development Council (MSCDC) to take care of all the schemes and cooperative development programmes and its implementation in the state. This was fulfilled in their fourth year of ruling but has not yet started any business at the time of this study. Moreover, the Government of Mizoram does not have any separate State Cooperative Policy and this may be taken as a good indicator that no political party in the state is interested enough in the welfare and development of the cooperatives. This may also mean that cooperatives in Mizoram are being blindly guided and managed without adequate and proper policies.

When the then Minister of Cooperation laid the Mizoram State Cooperative Societies Bill, 2006 in the Assembly House, it was unfortunate and surprising that only one of the members present in the House delivered a speech on it during the discussion hour that followed. This also indicated that the majority members of the state's Legislative Assembly were not interested enough in the field of cooperation and its movement.

6.8. Social and Cultural Problems

It is the general conception and practice among the Mizos that there have been a good community spirit and a closely knitted social life since the time they found settlement in villages. Till the time when the British annexed the Mizo Hills during 1890s, each and every village had a Village Dormitory where all the adult males and young married men used to sleep at night. The Dormitory played a vital role both in the fields of social and security services as it provided and enabled rapid action force during the time of emergencies. Team work and community voluntary services have always been called and rendered for the common good and wellbeing of the villagers by the competent authorities i.e., the then village chiefs or by the Village Councils later, as and when necessary.
Though this has been a trend in the social life of the Mizos, there is something different in their economic activities like jhuming\textsuperscript{31} or other economic activities. As the main stay of the Mizos was agriculture, almost all the village households practised jhuming and tried their level best to become self-sufficient in daily requirements to support their livelihood. It was a common practice that a single family would cultivate all kinds of crops available in the village like food crops, cash crops, vegetables, etc. and would domesticate animals like pig, cow, fowls, etc. Because of this independent life, a sense of common ownership and economic cooperation or any kind of partnership in the economic endeavour seems to be a new practice. This tendency seems to have influenced the practice of cooperative and retards the smooth progress of cooperative movement among the Mizos.

6.9. Technological Problems

Technology literally refers to the methods, systems and devices which are the result of scientific knowledge being used for practical purposes. The problems relating to or associated with technology would be phenomenal in the way of cooperative development. Though there may not be a complete alternative and substitute for human efforts in an organisation or enterprise, it is an undisputed fact that technology can play a crucial role in the success of the organisation by facilitating and enhancing human endeavours in various ways.

In the field of technological development and modernisation, cooperatives in Mizoram are generally lagged behind and still have a long way to go. State level cooperatives in the city are far better in this regard in comparison to primary level cooperatives especially in the rural areas. The Mizoram State

\textsuperscript{31}Jhuming or shifting or slash and burn method of cultivation is a system where farmers shift and leave their fields after harvesting the crop one in a year or in a single season. The field, after harvest is abandoned for three or more years during which the field regains its fertility. This kind of cultivation is commonly found in the hilly areas of North Eastern India.
Cooperative Union, which is the sole agency for cooperative education and training in the state, is also in need of computer and digital facilitated class room to give training in its most effective way to the cooperators. Other cooperatives which are doing different businesses like dairying, retailing, weaving, handloom and handicraft production, etc. also require modernised technology and improved implement to compete with private enterprises and imported items in the open market of today\textsuperscript{32}.

Besides the points mentioned above, there may also be other problems and challenges being faced by the cooperatives in Mizoram and still others which are common with elsewhere in India. Some of the common managerial problems of the Indian cooperatives may be mentioned here. Firstly, as the cooperative movement was initiated and financed by the state, it got itself interlinked and dictated its policies. The need of the movement and the strategies to achieve the needs must be planned by the movement itself and not by the state. Secondly, weakness of cooperative leadership is still a problem in spite of decades of their existence. As the Indian society is caste and class ridden, the leadership has to be developed within these limits. Even after independence, the situation has not changed. They continue to depend on official help. Thirdly, though the old adage says that vigilance is the price of democracy, in the Indian cooperative movement, the democratic institutions like the General Body and the Board of Directors do not function properly. Effective functioning of these institutions alone can ensure vigilant cooperative democracy and impartial functioning of the cooperatives. Moreover, members rarely attend the General Body meetings and normally do not question the management\textsuperscript{33}.

\textsuperscript{32} Interview with Mr. Lalchhanhima, Senior Cooperative Education Instructor, Mizoram State Cooperative Union on November 25, 2012.

Another weak link in the cooperative management is lack of professionalisation of the management. The personnel of the cooperatives look amateurish and the modern personnel management techniques are yet to percolate over many of our cooperatives. Autonomy of the cooperatives is also a critical problem. Cooperatives in all countries are guided by the principles of cooperation laid down by the International Cooperative Alliance. If the cooperatives have to adopt all the principles of cooperation, especially the principle of democratic management, they must be free from any external interference and control. But in countries like India, the interference of government in the administration of cooperatives has become a historical incidence rather than practical necessity. Another problem is the lack of self-reliance in resources. Democratic freedom of a cooperative institution is decided by the internal resources mobilised by it. In other words, self-reliance in resources alone can ensure democratic freedom and non-interference by outside agencies. But the cooperatives in India are still depending on government and other agencies like Reserve Bank of India. Once you are inviting money from outside, you have to abide by the conditions laid down by the lender who would always be interested in the safety and profitability of his funds. Cooperatives being borrowers cannot be exempted from such conditions and regulations. The un-dynamic federal institution in India is also one of the problems faced by the cooperatives in India. In keeping the cooperative democracy alive, the federal institutions have to play a predominant role, which is lacking in Indian circumstances. Freedom and autonomy in cooperatives are shared by all the institutions in a federal set-up. The apex institutions must try to help the lower level affiliated societies by way of providing them enough financial resources, managerial and technical guidance, and keeping away the interference of outside agencies. As the cooperative leaders of lower level societies manage the apex institutions they must work for the success of the federal structure as a whole. In India, many of the apex institutions are dormant. Only recently steps were taken

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to revitalise many of the Central and State Cooperative Banks. This step may have to continue in several states and enlarge its area of coverage.\(^{35}\)

While dealing with the management problems in cooperative societies, we may also look into it through the theory of POSDCORB that stands for Planning, Organising, Staffing, Directing, Co-ordinating, Reporting and Budgeting in the administration of an enterprise as postulated by Luther Gullick. This falls under the managerial activities of the organisation. Planning, here, would mean working out in broad outline the things to be done and the methods to be adopted for accomplishing of the purpose in the cooperatives. Organisation pertains to building up the structure of authority through which the entire work to be done, is arranged into well-defined subdivisions, and co-ordination. Staffing refers to the work of appointing suitable persons to the various posts under the organisation, and also the whole of personnel management in the cooperative organisation. Directing would stand for making decisions and issuing orders and instructions embodying them for the guidance of the staff. While Co-ordination deals with inter-relating the various parts of the work and eliminating overlapping and conflict in the organisation, Reporting is all about keeping both the superiors and subordinates informed of what is going on, and arranging for the collection of such information through inspection, research, and records. At last, Budgeting would perform all the activities relating to financial administration.\(^{36}\) Having had a critical evaluation of the cooperatives in Mizoram through the above POSDCORB theory of managerial functions, it is found that cooperative societies in Mizoram are below expectation and need to lay emphasis in these areas also.

To conclude, in this chapter, we have dealt with the problems and challenges of cooperative societies in Mizoram in particular, and the general problems of cooperatives elsewhere in the country or in the world are also

\(^{35}\) S. Nakkiran, *op.cit.* p.621.

featured. The sequence of the problems discussed here are problems relating to organisation discussing some loopholes and challenges on the existing structure and institution, personnel and office bearers; functions and processes; lack of awareness among the people and inadequate cooperative education and training; finance and other resources; laws, rules and regulations; administrative problems; materials and technological problems; social and cultural and political problems.