Chapter – I

Introduction

Cooperation is a key to stability and growth in almost all spheres of human existence. The growth of families, clans and villages, towns and cities are the outcome of cooperation. Etymologically, the word cooperation originated from Latin word, ‘Co-operari’. ‘Co’ means with and ‘operari’ means to work. In a common usage cooperation means living, thinking and working together to achieve a common purpose. In that connection, people of the same locality, with common problems associated voluntarily to work for their social and economic development. In fact, without the operation of the principle of cooperation, all sociability and mutual aid, the progress of organic life, the improvement of the organism and even strengthening of the species would become utterly incomprehensible.

The International Cooperative Alliance (ICA), a worldwide union of cooperatives, defines cooperative as an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise. The cooperatives are businesses owned and run by and for their members. Whether the members are the customers, employees or residents they have an equal say in what the business does and a share in the profits. As businesses driven by values not just profit, cooperatives share internationally agreed

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Late 15c., from Middle French coopération, or directly from Late Latin cooperationem (nominative cooperatio) "a working together," noun of action from past participle stem of cooperari "to work together," from com- "with" and “operari "to work". Before vowels and aspirates, reduced to co-; before -g-, assimilated to cog- or con-; etc.


principles and act together to build a better world through cooperation. Successful cooperatives around the world are allowing people to work together to create sustainable enterprises that generate jobs and prosperity and provide answers to poverty and short term business practices.

The Mizoram Cooperative Societies Act of 2006 (as amended up to 2012) defines cooperatives as self-reliant, self-help, autonomous, voluntary, democratic, business enterprises registered or deemed to have been registered under this Act, which is jointly owned, managed and controlled by its members, who may be individuals or cooperatives, for the purpose of fulfilling or meeting their economic and social betterment, through the financially gainful provision of core services which fulfil the common need felt by all members.

Cooperation does not believe in the principle of survival of the fittest. In an imbalanced society, it is a unique instrument of the underprivileged and the weak whom it seeks to strengthen by realising their inner strength and initiative. On the other hand, politically, cooperation strengthens the foundation of democracy, provides for decentralisation and serves as an effective safeguard against all forms of exploitation, stateism and concentration of power. At the same time, socially, cooperation provides and encourages the growth of a richer social system in which the voluntary efforts of small communities tends to replace universal coercion of state law.

4Chapter I, Section 2 (14) of the Mizoram Cooperative Societies Act of 2006 as amended up to 2012.


1.1. **Main concepts and ideas of Cooperation and Cooperative**

As stated above, the concept of cooperative or cooperation is closely associated with the birth and growth of human civilisation. Social and economic development, the increasing population, spread of human race, diversification of professional activities and such other factors have brought about the need for more proper and efficient cooperation to tackle and contain diverse problems especially economic problems. Many persons thus, came up and formed associations like cooperative societies to work together to achieve their common aims and objectives necessitated by their common problems for their survival. Since cooperative is a multi-dimensional economic activity with adaptability to widely diverging economic and social systems, the economists always prefer to refrain from trying for its rigid and definite explanation. They rather agree that cooperation is not an end in itself but a means to a certain goal. In this respect, there are three schools of thought\(^7\) as given below.

**1.1 (i). The cooperative enterprise school of thought**

This school is based on the definition that the cooperative society is a voluntary association of independent economic units, i.e. firms, business and households, to form a business enterprise organised, capitalised and managed by, of and for its members. This was advocated by people like Schulze–Delitzsch, Hass Raiffeisen\(^8\) and Plunkett.

**1.1 (ii). The cooperative commonwealth school of thought**

This school is not satisfied with a mere improvement of the members economic position within the existing economic system but wants, as a long-term objective, to eliminate the competitive, capitalistic system and replace it by an economic system based on mutual cooperation. Economists like Robert Owen, Charles Fourier, etc., subscribed to this school of thought.

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\(^7\)Helm C. Franz (1968). *The Economics of Cooperative Enterprise*, University of London Press Ltd. p.3

\(^8\)Schulze of Delitzsch and Hass Raiffeisen were the German cooperators who formed credit cooperatives successfully in Germany. The first Indian Cooperative Act, 1904 was enacted on the patterns of cooperatives established by them.
1.1 (iii). The socialist cooperative school of thought

The most recent among the three schools, is based on the Marxist-Leninist theory according to which cooperative can be an important step in socialist progress. It finds cooperatives as the part of a transitory stage which facilitates the transformation from capitalism to socialism and eventually to communism, as a part of the historical process of revolutionary development. Albeit differences in views and definitions, a cooperative society may be understood as ‘an association of people, with common interests, who get together voluntarily to solve their problems; setting their own way of activities to achieve the highest possible level of socio-economic development’\(^9\).

If an attempt is to be made to find a common denominator for these diverging opinions, cooperation could be defined in the widest sense as a voluntary organisation of economic units, based on equality, carrying out an allocated or self-given economic objective. The cooperative society is in its nature neither capitalistic nor socialistic but a neutral means of organisation which can serve various aims and economic systems\(^10\).

1.2. Statement of the Problem

Though cooperative movement has a long history among the Mizos in Mizoram, the people have not yet found till today any commendable success story made by the cooperative societies in Mizoram. It is apparent that the Mizos have good community life but cooperative movement occupies a back seat in the Mizo society. In spite of all arrangements and supports given to the cooperative societies by the central and the state governments, the cooperative movement cannot make any remarkable stride. The main reasons which seem responsible for the poor performance of cooperatives in Mizoram are absence of adequate awareness and cooperative education among the people. Many of the cooperatives are still depending on grants and other supports from central and the state governments. Many of the members of these cooperatives appear to be

\(^9\)Helm C. Franz, *op. cit.*, p. 5.

having no commitment to the development of their respective societies. There are also some observations that the members are only interested in using their societies for extracting loans and grants from the government and other financing agencies. In the meanwhile, there is also too much interference of government in the day-to-day functioning of the cooperative societies. At the time of our study, fifteen (15) cooperative officers have been deputed as Managing Directors, Managers, etc. to different state level cooperative societies some of which are blamed by the cooperators to have become white elephants to them. On top of that, there has always been a thirst for leadership among the members of societies which sows the seeds of mistrust among themselves.

Interference of the political hands and the indulgence of some of the cooperative officials in trade for their private or individual financial benefits also hamper cooperative movement. As many of the officials engaged by the government as well as the elected leaders of cooperatives who run and manage the societies, are more interested in enlarging their private business alongside, cooperative societies in Mizoram lack efficient management of their human and material resources. While cooperative societies are bound to invest funds they received from the government and its supported institutions, they always failed to meet the expectation of the funding agencies. All the aforesaid and other reasons, singly or collectively, led to the cancellation of registration of five hundred sixty one (561) cooperative societies and liquidation of two hundred twenty one (221) cooperatives during the year 1999 to 2008\textsuperscript{11}.

1.3. Review of Literature

Literature in the field of cooperation is fairly numerous and scattered. A thorough review and survey of related literature forms an important part of research\textsuperscript{12}. A good number of books are available regarding cooperative societies


in addition to some specialised studies and reviews made by different persons and Committees set up by the central as well as state governments. But, it is not so in the case of Mizoram, only few studies and publications on cooperative and its movement are available, most of them are published by the department concerned or persons working and who have retired from the department. Any kind of research work or publication of literary value is almost absent as of today in Mizoram. Knowledge of related literature enables the researcher to understand the position and significance of his own work and the best procedure and methodology to be adopted from the previous works under review. It also helps the researcher to avoid unnecessary duplication of previous studies and enables him to establish his position to explore new areas and suggest points for future actions.

Srinibas Pathi and Lalrintluanga (2011), in their edited book, Consumer Awareness and Consumer Protection\textsuperscript{13} collected twenty-one research papers and articles on the issues of consumer awareness and consumer protection. Being the first book in the area of consumer awareness and their protection in relation to Mizoram, it highlights the ground realities in different states of India with special reference to Mizoram based on the collaborative effort of academicians, researchers, administrators and consumer activists who have tried to look into all the relevant aspects such as concepts, dimensions, laws, rules, regulations, practices, problems and possible solutions thereto in relation to consumer issues. We see in this book that in Great Britain, during the Industrial Revolution, Robert Owen formed a consumer cooperative society to function under his well thought-out eight principles in the year 1844. Under his guidance, the cooperative consumer movement worked to ensure availability of quality consumer goods to the common man at affordable prices, to develop fare business practices, etc. While in the state of Mizoram, consumer movement or the aspiration for setting up of consumers’ organisation is just a decade or two

old. The apex consumers’ organisation, Mizoram Consumers’ Union has its existence in 1995 by the constitutional amendment of the Mizoram Gas Consumers’ Union and its real formation as a body was on August 29, 1997. This shows that consumer cooperative as a movement is much older than consumer union movement in the state of Mizoram.

A book of Verghese Kurien (2005), *I Too Had a Dream*\(^{14}\) consists of his experiences of his stay in Anand and starting of building the cooperative society from the scratch. In his long journey, he faced innumerable problems from private business houses, government, multinational companies like nestle and fought tooth and nails against all these odds. Chapters such as, ‘A Billion Litre Idea’, ‘Operation Flood’, etc. and their impact in the Indian economy and millions of its people are immense and commendable. His thirty-five year effort made India number one in milk production in the world. After achieving success by building Amul, he went on to execute the white revolution plan in India which created multiple Amuls across the country. In this book, some important keystone of success for Amul in particular and cooperatives in general are found such as, good leadership and innovation to guide the cooperative; professional and skilled manpower, establishment of good and regular market; professional management; empowerment and education of primary members and farmers; etc. The Mizoram Multi-Commodity Producers’ Cooperative Union Ltd. (MULCO), a state level diary cooperative federation is also organised on Anand pattern.

The *Cooperative Vision-2015*\(^{15}\) published by National Cooperative Union of India (2005) highlights the future vision of cooperative movement in India likely to be witnessed in its segments during ten years, i.e. 2005-2015. We see, here, that a fair globalisation needs harmony between human capital, financial capital and knowledge capital. In many of these sectors, cooperatives are able to

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do what multi-nationals do not or cannot do and the cooperatives are able to do better. The role and vision of cooperatives in the 21st century is guided by the global socio-economic trends. Keeping in view of these emerging trends, the National Cooperative Union of India makes ten years vision for the success of cooperative movement in India. The vision statement expressed here is directed to different segments of cooperatives like Credit Cooperatives, Fertiliser Cooperatives, Sugar Cooperatives, Consumer Cooperatives, Urban Cooperative Banks, Cooperative Spinning Sector and Housing Cooperatives.

Nripendra N. Sarma (2003), in his work on *Consumer Cooperatives and Rural Development*\(^{16}\) reviews and assesses the role of twenty-four Goan Panchayat Sambay Samitis, four retail outlets of Assam State Cooperative Marketing and Consumers Federation Ltd. (STATFED) and four primary consumer cooperatives from Guwahati and Rangia sub-divisions of Assam in rural marketing, with emphasis on their trade practices and customer services. This book contains a number of important and relevant points in relation to the practices in the cooperative movement of Mizoram as especially in the area of rural marketing practices. Many of the problems and some prospects of consumer cooperatives in the state are found common.

*Cooperative Ideology and Movement: The Roots and the Trunk and the Twigs*\(^{17}\), by S.S. Chandrasekharmath (2003), is based on the author’s rich experiences in cooperative administration and education. The author pleads for decentralisation of policy making and administrative responsibilities relating to cooperative education and training so as to make the cooperatives to survive the more and more competitive world. The book is divided into three parts such as - the Roots; the Trunk and the Twigs; and Stresses and Strains in Cooperative Management under Liberalisation Regime: New Vistas for Twenty-first Century.


The author also offers valuable suggestions for promoting effective cooperation among cooperatives, for improving the effectiveness of the role of International Cooperative Alliance (ICA) in developing cooperative movement around the world. He also expresses his expectation on cooperatives to be used for revamping the economic system and attaining universal human development. We also see a detailed analysis of the Cooperative Principles as developed by the ICA from time to time in this book.

Anil Bhuimali’s (2003) work on Rural Cooperative and Economic Development\(^{18}\) suggests for special legislation to give freedom to cooperative movement. It deals with the performance of agriculture marketing societies of the rural West Bengal and conveys the importance of favourable environment like appropriate cooperative legislations from the part of the state government.

Krishnaiah H.R. Gowda (2003) makes an in-depth analysis of the structure, organisation, working, successes and failures of tribal cooperatives in India in general and in Karnataka state in particular, in his work of Tribal Cooperatives in India\(^{19}\). This book inspires us and seems to be quite useful while carrying out a study with special reference to the state of Mizoram where almost ninety-five per cent (95%) of the population belongs to tribal community.

K.V. Subramahnyam and T.M. Gajanana (2000), in their work, Cooperative Marketing of Fruits & Vegetables in India\(^{20}\) have dealt with a comprehensive aspect of cooperative marketing of perishable commodities like fruits and vegetables in Karnataka, Andra Pradesh and Maharashtra. We see the importance of trade skills, regular and organised market, facilities like cold-storage, etc. from this publication.


In his book, *Cooperative Societies and Rural Development*\(^{21}\) S.K. Dutta (1991) has made a politico-economic study with special reference to Goan Panchayat level cooperatives in rural development of Assam. For this purpose, he selected five Goan Panchayat level Samabay Samitis – two each from Dibrugarh and Tinsukia Sub-Divisions and one from Sadiya Sub-Division. He has attempted to unfold the leadership pattern and examined the extent of politicisation and vested interests that have crept into this institution inhibiting their growth and development. He also pointed out the main constraints in the effective functioning of these societies like infrastructural, financial, managerial and legal constraints which are likely the same with the situation of Mizoram.

Chitta Ranjan Samadder’s (1991) *Cooperative Movement in Assam*\(^{22}\) is a comprehensive study on the inception and development of cooperative institution in Assam. A critical analysis of the progress and a detailed discussion on the status and structure of cooperative societies among the hill tribes in the state is also covered. The problems and prospects of the movement which are highlighted in this book may be kept in mind while analysing the actual condition of the cooperative movement in Mizoram as well.

In a book *Role of Cooperative Organisation in Developing Tribal Economy*\(^{23}\) by Bhupinder Singh (1990), cooperative has been recognised as a notable institutional framework for the development of hill and tribal areas. For this purpose, he selected twenty villages to study within the area of operation of four Large Sized Adivasi Multipurpose Societies (LAMPS) in Salem district. He emphasised the feasibility of upgrading the economic status and the quality of life of the vulnerable tribal community through cooperative effort. Attempt was

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also made to explore the structure of cooperatives in predominantly tribal areas of Tamil Nadu.

S.H. Deshpande (1984) had a study on cooperative farming as practised in different countries of the world and India. He looked into the issues and problems faced by this kind of cooperative societies and published in his book named *Some Problems of Cooperative Farming*. This work is mainly to find out the limitations faced by the cooperative farming societies in different countries. It shows the causes of its universally weak appeal and instability which are found to be embedded in its peculiar structural features as a producers’ cooperative. The problems given here are primarily those of work incentives and management, for the discussion of which a bulk of space is devoted. The conditions under which non-economic incentives can operate are also examined to supplement the main discussion of economic incentives. He pointed out that cooperative farming societies are limited to certain extent to be used in a large scale of agrarian development in India because the farmers who joint together as members of cooperatives are generally poor and landless farmers. As it is labour-pooling which creates special problems of management, a certain hierarchical system is usually necessary for efficiency of management. The problem of discipline is also connected with the structure of a cooperative farm because the ultimate sanction of dismissal against inefficient and troublesome worker is difficult to be adopted without disorganising the farm itself. The major cause of weak response lies in the inequality of land holdings among the members at the time of joining together in the cooperatives and its equalising effects. He concluded that the role of cooperative farming societies as a method of agrarian reorganisation seems destined to be a limited one.

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Arun K. Mukhopadhyay’s (1982) *Farmers’ Service Societies: A Study in Karnataka* contains a case study of cooperative farming societies in the state of Karnataka. It reflects the historical perspectives, the present scenario, problems that encounter the farmers’ service societies in the state of Karnataka and the cooperatives in general. It also contains different points of suggestions for further actions which are relevant for the present study as well as for the state of Mizoram.

Chandra K. Dalaya and Ravindra S. Sabnis (1973) carried out a brief review of cooperative movement in the state of Maharashtra and brought out different issues from their studies in their book, *Cooperation in Maharashtra: Review and Perspective* which also has important bearings on the movement in India as a whole. Their studies approved that the establishment of federal cooperative organisations has widened the cooperative structure and established co-ordination between the organisations at different levels of the structure. Unlike many Indian states, in Maharashtra the movement was initiated by social and political reformers and leaders, such as G.K Gokhale, V.L Thackersy, Deodhar and N.C Kelkar, and the tradition was carried further by another group of cooperators, including well-known personalities such as Chunilal Mehta, V.L Mehta, D.R Gadgil, etc. The cooperative movement accepted social responsibilities by initiating societies which specifically cater to the needs of the weaker sections of society and this was not characterised by a traditional attitude but is dynamic and continually adjusted itself to the needs arising from changing social and economic situations in different areas. Regarding problems of the movement, they pointed out the issues such as, problem in leadership; need for emphasis on self-reliance in finances; financial viability of the cooperative structure as a whole; need of an effort to foster the spirit of cooperation and

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educating the members intensively in the ideas of mutual self-help; problems and need of providing managerial training; need and lack of well-managed efficient cooperative institution; overdues of the cooperatives; etc. They hold that cooperation in the country can be viewed from two angles such as the cooperative organisation as an alternative form of economic organisation and secondly, cooperation as a social and economic movement.

In his book entitled *Consumers’ Cooperative Movement in India*27, S.K. Goyal (1972) discusses consumers’ cooperative movement in India starting from fundamentals of consumers’ cooperation and then consumers’ cooperation in foreign lands, growth and development of consumers’ cooperative movement in India, movement in the states and practices and problems. The chief aim of the consumers’ cooperation is to protect the consumers from adulteration, artificial scarcity and consequent high and unreasonable prices, malpractices in distribution at times of real scarcity and, the avoidable high prices as a result of there being too many intermediaries in between the production and consumption level according to him. Consumers’ cooperative movement in England is the oldest, largest, in some respects, strongest in the world and took the lead as she was the first country to experience Industrial Revolution. The movement in other countries such as, Norway, Sweden, Germany, Poland and Russia are also discussed in general. We see practices and problems in the last chapter of the book under which some of the prevailing systems and the problems thereof are discussed. We see that consumers’ cooperatives in India took place, to a large extent, in order to meet the needs of distributing rationed and controlled commodities. Consumers’ cooperative store sponsors should take all precautions before setting up a store. It is necessary that they understand the philosophy, principles and methods of consumers’ cooperation. The economic principle of cooperation is that distributable surplus or the net profit accrues to the members, not in their capacity as shareholders in proportion to their shares, but as consumers in proportion to their purchase. They should also be careful in

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selecting the site for locating the store. Other problems are consumers’ services such as home delivery, disposing unsold goods, storage facilities, advertising and display, account keeping, etc.

S.L. Goyal (1966) carried out a study on cooperative farming and its progress in India in general and in some states of the country in particular in his book named, *Some Aspects of Cooperative Farming in India with Special Reference to Punjab*\(^{28}\). Detailed analyses and observations of the government publications and reports on cooperative farming, roughly between the years 1946 to 1960 are found in this book. He mentions five alternative patterns of farm organisation like peasant farming, estate farming, collective farming, state farming and cooperative farming. Peasant farming, the existing mode of farm organisation at the time of his study was suggested to be converted to or replaced by cooperative farming based on the limitations and their respective roles in the achievement of specific economic ends. He points out some of the popular arguments against the introduction of cooperative farming like - the Indian farmer is very individualistic and any suggestion which demands the surrender of rights in land and joint work will be opposed; it is against the Indian tradition and the idea itself is alien to the people; use of force, a prerequisite for its success and the emergent of bureaucratic setup would be inevitable; and the people were also afraid that status of the farmer be reduced from a self-employed one to a mere wage-farmer. The above arguments and speculations are replied and resolved based on different points and rich information gathered from various places of the world.

June Nash, Jorge Dandler and Nicholas S. Hopkins (1976), in their edited book, *Popular Participation in Social Change: Cooperatives, Collectives, and Nationalized Industry*\(^{29}\) collect a good number of research-papers and articles written by different scholars on cooperative movement from different parts of the world. Some of the papers such as ‘Traditional Social Structure and the Development of a Marketing Cooperative in Tanzania’, Rural Competition and the Cooperative Monopoly: A Ugandan Case Study’, Economic Dependency and the Failure of Cooperatives in Western Sicily’, The Crisis of Rural Cooperatives: Problems in Africa, Asia, and Latin America’, etc. are quite helpful to give us a firsthand knowledge of the cooperative societies in other countries of the world.

A book *Problems of Agricultural Cooperation: A case study in Greece*\(^{30}\) by Chombart J. De Lauwe and J. Poitevin (1964) suggests four scales of priority rating for the action to be taken to improve the agricultural cooperative movement in Greece which may also be taken in case of other countries as well. The first priority includes the need for accelerating training to produce more young cadres of agricultural cooperation specialists, reorganisation of the School of Agricultural Cooperation and long-term loans from Agricultural banks, participation of young farmers in a trainee member capacity in the governing bodies of cooperatives and fixing of salary scales for staff trained by the School of Agricultural Cooperation. The second and the third priorities emphasise improvement of the structure and strengthening of the concerned cooperative unions both at the national and regional levels with the assistance of the agricultural banks in the country; strengthening of cooperative discipline; legal status of the cooperative movement; etc. The fourth and the last priority stresses on credit arrangement for agricultural cooperative societies.

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Training and Extension in the Cooperative Movement: A Guide for Fieldmen and Extension Workers\textsuperscript{31} prepared by Alexander F. Laidlaw (1962) pertains to the elementary aspects of cooperation in order to concentrate on methods of teaching. While there is little elaboration of the details of what cooperation has achieved, some attention is given to the main types of cooperatives, especially in their rural setting. After defining cooperatives, he elaborated its principles; difference between cooperatives and other businesses; aims of the cooperative movement; principles of cooperative education; extension work for cooperatives; etc. As this book, designed to assist the development of cooperatives, is at the same time necessitated to be a contribution to the world Freedom from Hunger Campaign during the year 1960 to 1963, the author deals with the possibilities and use of cooperatives in community development and gives general problems of rural population, concept of community development and the role played by cooperatives. The Food and Agriculture Organisation (FAO) also articulates its stand in this book stating that it believes that the formation of efficient cooperatives would, for many countries, greatly facilitate the solution of their food problems. Experiences repeatedly show what varied and valuable contribution cooperation can make to the development of a community’s welfare as a whole, and, above all, in the production and distribution of food.

Cooperative Sweden Today\textsuperscript{32} by J.W. Ames (1952) contains an account on cooperative movement in Sweden viewed from different angles and the possibilities of establishing good relationship between cooperative movement and the government, especially in its economic policy. We see the principal stages of a Government Bill where it is possible for the cooperatives to exert their influence. Such stages are, the inquiry stages, the discussion stages, the


Parliamentary stages, the executive stages, etc. It is clear that during the various stages from the committee stage to the final application of the actual law, the cooperatives have ample opportunity to put their cases to the authorities.

In *Cooperative Movement in Great Britain*[^33] written by Potter Beatrice (1891), we find the story of cooperative movement of Britain and the analysis of ideas and principles of cooperation as developed by Robert Owen, the so called founder of cooperative movement and the father of English socialism. The author, without attempting to discuss the scientific soundness of Owen’s views, aims solely at a clear statement of his theory to give the readers more or less a concrete idea on whether or not, or to what extent, the cooperative idea has been realised in the cooperative movement of Great Britain through different headings such as the cooperative idea; the spirit of association; association of producers; federation; etc, in relation to cooperative movement. The keystone of Robert Owen’s cooperative system of industry was the elimination of profit, and the extinction of the profit-maker. Profit upon cost price he considered as the origin of all evil, the potent cause of the misery of the poor and the greed of the rich, the ever-abiding incentive to industrial war between individuals, classes and nations. The author points out that Owen, though the celebrated founder of cooperative movement was not successful in his movement because he has not grasped the significance of democracy as a form of association. He saw the goal, but mistook the means. The Author, thus, emphasises that democratic form of cooperation may either be considered as an alternative of state socialism or as a stepping-stone to socialistic organisation in all its forms.

In his book, *Mizoram Hmasawnnan Cooperative* (Mizo)[^34], C. Lalchhunga (2007) has traced the origin, development and the prospects of cooperative efforts for the socio-economic development of Mizoram. This book mainly


contains his personal observation as well as experiences as a retired Assistant Registrar of Cooperative Societies under the Department of Cooperation, Government of Mizoram and leaves a lot of work for further studies on the problems and prospects of the cooperative movement in Mizoram.

In his book, *Cooperative Bihchianna* (Mizo)\(^{35}\), Lianthangpuia (2007) embarked on a comprehensive definition of cooperative based on the International Cooperative Alliance’s statement on the cooperative identity. He also expresses his aspiration for the higher autonomy and more democratic management of the societies in general and for the state of Mizoram in particular to be in line with the cooperative values and principles prescribed by the ICA. The administrative lacunae, problems and prospects have however been missed out in this publication.

A book, *Small Scale and Cottage Industries in Mizoram*\(^{36}\) by Rualkhuma Colney (1997) contains the development, management and the contribution of small scale and cottage industries in the socio-economic development of Mizoram. But this book does not mention anything on the role of cooperatives though some of the cooperative societies in Mizoram are venturing in this sector of small scale and cottage industries. It seems necessary that the role and contribution of cooperative societies in this regard be covered.

Lianzela (1994) has studied the economic development of Mizoram from an analytical point of view with reference to the Plan periods starting from the first Five Year Plan in his book, *Economic Development of Mizoram*\(^{37}\). He focuses on the special and peculiar problems of a hilly state and other constraints that hinder the process of economic development of Mizoram. Just a few

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sentences on cooperation and its contribution to the economic development of Mizoram are mentioned while discussing agriculture and its allied sectors. A larger part of cooperative sector is left untouched.

Report of the High Powered Committee on Cooperatives\(^\text{38}\) of Government of India (2009) states that cooperative movement in India faces different problems and challenges such as inability to ensure active membership, speedy exit of non-user members, lack of member communication and awareness building measures, serious inadequacies in governance including that related to Boards’ roles and responsibilities, a general lack of recognition of cooperatives as economic institutions both amongst the policy makers and the public at large, inability to attract and retain competent professionals, lack of efforts for capital formation particularly that concerning enhancing member equity and thus member stake, lack of cost competitiveness arising out of issues such as overstaffing, a general top-down approach in forming cooperatives including the tiered structures, politicisation and excessive role of the government chiefly arising out of the loop holes and restrictive provisions in the Cooperative Acts, etc. The Committee has envisioned cooperatives as primarily, autonomous, economic institutions of user members. It sees them as self-reliant and self-sustaining institutions functioning in a free, fair and transparent manner in keeping with the principles and values of the cooperative movement. The committee makes various recommendations such as the law enacted in each state should be amended to truly reflect the spirit and principles of cooperative and make them member centric bodies; keeping in view the need to enable cooperatives, which have already received equity contribution from the government, the laws should provide for repatriation of government equity and where cooperatives are unable to return the government equity, they may enter into Memorandum of Understanding with the cooperative agreeing to such conditions that the government may stipulate; states should refrain from deputing officers to occupy key positions in cooperatives except on an explicit request

from a cooperative and ensure that the officers if deputed to hold key positions are given a minimum tenure of three years; etc. It has been concluded that cooperatives have not been given due importance, despite the emphasis laid by the Planning Commission and Prime Minister Jawaharlal Nehru on developing cooperatives as a third important sector of the economy.

The Programme Evaluation Organisation, Planning Commission, Government of India (1965) conducted a study and evaluation on utilisation of cooperative loans in India and gave report entitled, *Study of Utilisation of Cooperative Loans*. In this evaluation, a sample of twenty-five (25) central cooperative banks was selected from 16 states which were grouped into three categories, ‘A’ for those states advanced in the development of cooperation; ‘B’ of states backward in this respect; and category ‘C’ of the remaining states. This study found that among the total targeted short-term loan borrowers, forty (40) per cent admitted having diverted loans from the vowed purposes. In the sample borrowers of medium-term loans, the percentage of those who diverted loans ranged from forty per cent (40%) in 1961-62 to forty-seven per cent (47%) in 1960-61. Taking both types of borrowers, forty-one per cent (41%) diverted their loans, nineteen per cent (19%) wholly and twenty-two per cent (22%) partly. It is somehow surprising that in the case of diverters and in respect of magnitude, there was no relationship between the extent of supervision and the magnitude of diversion. Diversion among non-cultivators was found to be somewhat higher than among the cultivator-borrowers. It was also observed that for both the types, short and medium term borrowers, the diversion in general does not seem to be related to the length of membership of the borrowers in the cooperative societies indicating that the longer period of membership has not meant the inculcation of the principles of cooperation and that the reasons for diversion were deeper. From among the North Eastern States, Assam was included among the sample states and this was the time when Mizoram was a district under the undivided state of Assam.

Some Successful Cooperatives Case Studies\(^{40}\) conducted by the Programme Evaluation Organisation of Planning Commission, Government of India (1960) contains a number of points and statements such as factors responsible for the success of the selected cooperative societies and suggestions for future actions which are worth noting for different kinds of cooperatives in India. The four successful cooperatives selected for this case study are Rukadi Cooperative Society, Kolhapur district of Maharashtra; Mallasamudran Multi-Purpose Cooperative Credit Society, Salem district of Tamil Nadu; Athula Large-Sized Cooperative Society, Jullundur, Punjab; and Jassia Agricultural Service Cooperative Society of Rohtak district in Panjab. Some of the factors responsible for the success of these societies are - good transportation and easy accessibility; concentration of different livelihood classes in different areas; general cooperative spirit in the surrounding areas; non-interference by community and local leaders in the affairs of the cooperatives; absence of factions and feuds; good management; fulfilment of credit requirements in time; honest and full time secretary; government participation in the share capital of the society; good members of the managing committee; financial stability; paid-workers of the society; etc.

Review of the Cooperative Movement in India\(^{41}\) done by Agricultural Credit Department, Reserve Bank of India (1952-1954) was an important study made in retrospect and review on the credit policy of the Government of India implemented through the Reserve Bank of India (RBI) after the Indian Independence. The RBI team made some points of concerns and statements in its reports after this review study such as - from its inception, the cooperative movement in India made agricultural credit its major concern but its performance in this sphere has been negligible; though notable efforts have been made in certain states to multiply cooperative credit societies and enrol more


\(^{41}\)Reserve Bank of India (1956). Review of the Cooperative Movement in India, Agricultural Credit Department.
agriculturists as their members, the majority rural population is still outside the cooperative fold; marketing and processing of agricultural produce, though there have been some notable success stories like Cotton Sales Societies in Gujarat and Maharashtra, Cooperative Sugar Factories in Uttar Pradesh and Bihar, etc., more emphasis is required in this field; in collaboration with the government, cooperatives demonstrate their efficacy in the equitable distribution of the available stocks of goods in short supply; it has been the RBI’s responsibility not only to provide financial accommodation, short-term, medium-term and long-term, but also to coordinate the activities of the various state governments in the formulation and execution of their plans; it is ultimately the responsibility of the state governments, who, apart from bearing a due share of the outlay on the cooperative movement from their own resources, will have to ensure through the machinery available to them on the spot, that the development of cooperatives proceeds along accepted lines and that unsatisfactory features such as poor recoveries, inefficient or fraudulent management, etc. are detected and set right in good time; the heaviest responsibility rest on the people themselves whether they be non-official co-operators who are considered to be the leaders of the movement or the rank and file who are mere members, because it is on their enthusiasm and loyalty no less then on their watchfulness and active effort that the success of the movement will depend; etc.

Rochungnunga (2012) briefly expresses the birth and development of cooperative societies and the Department of Cooperation in Mizoram in his article (Mizo) entitled Cooperative History in Mizoram. He discusses the history of cooperatives in Mizoram from the time when it was Lushai Hills District under Assam and Mizoram as a Union Territory and a full-fledged state under the Indian Union up to the year 1976 to 1977. Names and dates of registration of the pioneer cooperatives in different trades in Mizoram are also given in this article. The first cooperative society in Mizoram named Aijal

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Central Trading Cooperative Society Limited was registered on November 11, 1949. This article provides a firsthand knowledge and information on the history of cooperative societies in Mizoram.

J. Ramliana (2012), writes about the roles and abilities of cooperatives for inclusive development in his article entitled *Cooperative – Inclusive Development*. He starts with the definition of development, different ingredients for development and the meaning of cooperative society. He discusses and explains about the so called thirteen pillars of success for cooperatives such as philosophy of collective strength, good governance, visionary and strong leadership, ownership tendency, leadership development, effective action plan, members training and education, active member participation, democratic control, reliable infrastructure, technical help, honesty and faithfulness and self-reliance and self-sufficiency.

D.V. Ghanekar (2008) discusses the strengths and weaknesses of dairy cooperatives in India in particular, and challenges faced by the cooperative movement in general in his article entitled *Autonomy to Cooperative! How far it is Relevant to Present Economic Crisis*. According to him, strengths of dairy cooperatives are wide range of coverage of the population, strong network of cooperative institutional framework from village level to national level and strong network of training and educational institutions. The weaknesses mentioned in the article are absence of professional management, weak infrastructure facilities, draconian cooperative legislation and excessive control of the government, slow pace of technology application, weak management information system, and high cost of management and transactions. Government needs to provide policy support and create a favourable atmosphere for the

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growth of cooperatives so that they could be expected to function as autonomous and competitive entities.

G.H. Amin (2008), in his article, *Strengthening Cooperative Movement in North East*\(^45\) says that the continuous upgradation of the human resources in cooperatives has all the more assumed critical significance today particularly in the wake of emerging competitive market due to liberalisation of economy. With a view to speedup professionalisation of management of primary cooperatives at the village level, the Government of India introduced a Central Sector Scheme for strengthening of Junior Cooperative Training Centres and from this, Rs.218.3 lakhs was earmarked for the North East region for the year 2007-2008 but only Rs.159.79 lakhs could be utilised. Three State Cooperative Unions of the three states such as Mizoram, Meghalaya and Assam were the first to utilise this Central Scheme. It is also seen that providing support for strengthening the cooperative movement in the North Eastern States would continue to be the priority of the National Cooperative Union of India.

R.B Mishra (1975), in his article, *State Interference in Cooperative Organisations- Causes, Consequences and Cure*\(^46\) says that there have been serious and far-reaching incursions by different states into the basic autonomous character of the cooperative societies. He discusses different issues on this such as, methods of state interference like changes in cooperative legislation, nomination on the Board of Directors, suspension of the Board, grant or denial of special privileges, etc. misuse of government nomination, deputation of unsuitable officers, guidelines for state interference, measures for minimisation of state interference, etc.


M.P. Singh (1973), in his article, *Cooperation – Some basic pre-conditions for success*\(^{47}\) gives some pre-conditions for the success of cooperatives. He mentions that cooperation characteristically demands a modicum not only of economic viability but also of social equality and political democracy, cooperation demands mutual confidence as well as promote it, viewed from structural point, the real being of cooperation lies at the base, the primary level where the economic democracy is at work as functional economic democracy built from the bottom upwards, the crux of the problem of inefficiency in cooperation lies in taking right decisions at right moments as also in timely implementation decisions thus taken, etc. According to him, cooperation holds no magic wand; neither does it provide a single panacea for all economic ills, nor does it works automatically. It is basically an operational device to help those who are in need of it and who are capable of using the organisational device.

V. Kulandaiswamy (1973) discusses the causes of the strained relationship between the employers and the employed in the cooperatives and suggests measures to improve the relationship in his article entitled *Employer – Employee Relationship in Cooperatives*\(^{48}\). Some of the causes of strained relationship as mentioned in this article are such as, the general attitude of the cooperative management with regard to pay scale and other financial benefits, status and working conditions which is not favourable to establish a cordial relationship between them and the employees. The deprivation experienced by the employees is another reason for the deteriorating industrial relations in cooperatives. There is also lack of identity of interest between cooperatives and their employees that is claimed to be the first and foremost reason for the hostility between them. Some measures suggested to improve the relationship


such as, the management of cooperatives should show an imaginative gesture in identifying the aspirations of the employees and fulfilling them; the management should also recognise the inherent right of the employees to organise themselves into unions; the management in cooperative should not be merely democratic management, but transform into a participative management; besides providing various amenities and welfare measures, the cooperative employees should be motivated by recognising their merit and achievements; etc are also highlighted in this article.

The above review of books, reports and articles provide ample information on what and how of the cooperative societies, the origin and progress of cooperative movement, the problems faced by it and the strategies undertaken to counter such issues in different places of the world. Review of the existing literature, thus, is a must to know the right step and the appropriate strategy to be taken while doing research study in other areas, especially in the state of Mizoram. It is established here that none of the above furnished publications and other existing literature on cooperative societies, which are so far under revision, do not convey an in-depth study on the problems and prospects of cooperative societies in Mizoram. So, there is an ample scope for further probing in different situations. The present study, seeking to assess the role, problems and prospects of cooperative societies in Mizoram may be considered as an important step in this direction.
1.4. **Objectives**

We have formulated the following points as objectives of our research study:

- To study the organizational structures and management aspects of Cooperative Societies in Mizoram.

- To evaluate the role played by the Cooperation Department, Government of Mizoram in promoting the Co-operative Societies.

- To assess the performance of Cooperative societies in Mizoram and to find out measures for more efficient functioning of such societies.

- To work out the problems faced by the Cooperative societies and to suggest possible solution therein.

1.5. **Research Questions**

The following research questions are formulated to guide our research work:

- What are the organizational structures of cooperative societies in Mizoram?

- How are the cooperative societies managed in the state of Mizoram?

- What is the role played by the Government including the Department of Cooperation in promoting the cooperative societies?

- What are the main problems and challenges faced by the cooperative societies?

- What are the steps needed to solve the problems and to ensure effective working of the cooperative societies in Mizoram?
1.6. Scope of the Study

In our research study, we have covered the Department of Cooperation, Government of Mizoram and all the tiers of cooperative societies within the state, namely, primary level, district level and the state level cooperative societies giving their structure, functions and problems encountered by them. For the purpose of our study, the two districts of Mizoram such as, Aizawl district and Mamit district are selected out of the eight administrative districts with a view in mind to represent both the most developed and the least developed districts so far as cooperative movement and its coverage in Mizoram is concerned. Other cooperative institutions like the ICA, national level cooperative unions and institutions in India are also covered discussing their roles and linkages with the state level cooperative societies.

1.7. Methodology

The study is mostly based on primary and secondary data collected through different methods of data collection. Primary information are gathered by accessing relevant official records, documents, reports, guidelines and instructions issued by the state government or the ministry concerned. Besides, personal interviews, questionnaires and discussions with the key functionaries of the societies, potential members and non-members are also used for collecting primary data.

Secondary data such as, books, journals, magazine, articles, different websites, etc. are extensively consulted and utilised for the present study. Besides, seminar proceedings and papers, published and unpublished works in the concerned subject of study are of tremendous value. Data analysis, statistical representation, etc. are done with statistical tools and software such as, Statistical Package for Social Sciences (SPSS), Excel, etc., and the format and writing styles of American Psychology Association is followed.
1.8. **Chapterisation**

The first chapter is an introductory part of the whole body of the thesis. It is divided into six sub-headings such as, brief introduction of cooperation and cooperative; main concepts and ideas of cooperation and cooperative; statement of the problems for which remedial measures are suggested; review of literature pertaining to existing study materials like books, articles, reports, etc., which have direct and indirect link to the topic of the thesis; scope of study giving its area of coverage; research questions containing the objective of study; methodology of data collection, its analysis and statistical representation; and chapterisation.

In the second chapter, we give cooperative societies in Mizoram; a historical perspective. This chapter deals with the origin and history of cooperative societies in the world, India and Mizoram. It also covers brief information on the types, nature and dimensions, structure, functions and processes in the management of cooperative societies. Membership and participation of individuals and groups are discussed based on the provisions and practices under the prevailing Act, rules and bye-laws of cooperative societies in Mizoram.

The third chapter deals with the Department of Cooperation in Mizoram tracing its origin and growth, historical development, structure, function and responsibilities within the Department, the prevalent issues and problems. It also covers the birth and development of the Department of Cooperation in India under the British regime, then independent India and the state of Mizoram. Mizoram has been featured and highlighted as a hills district under the state of Assam, as a Union Territory of Mizoram and after statehood up to present day situation when this research study has been conducted.

The fourth chapter is about the organisational structure of Cooperation Department in Mizoram. This chapter contains the study of selected cooperative societies in Mizoram conducted mainly through questionnaires, interview of the members and access of their records and publications. It discusses the manner
how questionnaires are prepared and disseminated to members of cooperatives, and also how the interviews are conducted and what type of questions are asked. This is followed by the study of reports and publications with an aim to highlight the condition of cooperative movement, achievements and the steps taken by the concerned department while looking after the cooperatives. In the concluding part comes analysis of data obtained through questionnaires and schedules. The preceding chapter contains the study of cooperative societies in Mizoram conducted mainly through questionnaires, interview of the members and access of their records and publications. It discusses the manner how questionnaires are prepared and disseminated to members of cooperatives, and also how the interviews are conducted and what types of questions are asked. This is followed by the study of reports and publications with an aim to highlight the condition of cooperative movement, achievements and the steps taken by the concerned department while looking after the cooperatives. In the concluding part comes analysis of the data obtained through questionnaires and interview schedules.

We put the role of government in the context of cooperative societies under the fifth chapter. This chapter contains a brief analysis on the role of government and its agencies at the centre as well as at the state levels in relation to cooperative societies in India. In the previous chapter, we have given a brief highlight 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 (NCUI) and National Council for Cooperative Training (NCCT), Sectoral Assistances through National Cooperative Development Corporation (NCDC), 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 sixth chapter deals with the problems and challenges faced 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 achieved 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.

The seventh chapter is a concluding chapter. It is divided into two parts. The first part provides summaries of all the chapters of the thesis while the second part furnishes answers to research questions, concluding observations and suggestions for future activities and research study. The five research questions formulated to guide this research study are attempted and answered with relevant information gathered by different methods. The organisational structures of cooperative societies in Mizoram is said to have been developed on a two tier framework based on the area of jurisdiction and diversification of membership.
As different kinds of cooperatives in India link together in the national level cooperatives and shares information and management practices, no much difference is seen in the management of cooperatives in Mizoram from that of other states in India.