PROBLEMS IN THE DEVELOPMENT OF COOPERATIVE MANAGEMENT

LOW LEVEL OF LITERACY

The cooperative movement has been in existence in India for more than 95 years. The movement was introduced with high hopes and lofty expectations. It was expected to provide a lasting solution to the problems of our mass. All the committee's and commissions from the times of Mr. Nicholson to this day have reiterated their abounding faith in the efficacy of the movement as enduring solution to the ills of our economy. The cooperative movement is now covering about 95 percent of the villages and about 40 percent of our rural population. There are 4.11 lacs cooperative societies with a membership of more than 19 crores and working capital of Rs. 131384 crores.¹ In some of the states like Maharasthra, Tamilnadu, Gujrat and Kerala there is not a single village which is not covered by a village cooperative society.

By overall study of India, we find that the central and northern India cooperative movement is not so successful as in southern India. The reason seems behind it, its high percentage of literacy in southern

¹The Cooperator. April 1998. p. 454
India, in comparison to Central and Northern India. Uttar Pradesh, being part of northern India, it is evident that the percentage of literacy is very low in comparison to Maharashtra, Tamil Nadu and specially Kerala. Uttar Pradesh is one of the largest states of India with regard to geographical area as well populationwise but the most unfortunate part of Uttar Pradesh is illiteracy, ignorance and conservatives. Most of the people did not understand the real significance, meaning and objectives of cooperation. According to the census of 1990-91 the total population of Uttar Pradesh itself was 13.9112 crores out of which only 33.83 percent population was literate\(^1\) evidently a big size of population i.e. 66.17 percent of population is illiterate. Due to illiteracy the mass could not understand the simple principle of cooperative movement-'self help through mutual help' and could not dare to spare themselves from the clutches of private money lenders, trader's, etc. They took this movement as a government's programme and not a mass movement. It is felt that proper propaganda was not made amongst these illiterates and to make them realise that this is there own programme and it is to be run by them. One important factor is also responsible for this, the rich people, political leaders and influential persons overruled the cooperative and tried to make the cooperative societies their own proprietary. They never allowed the illiterates to come forward and make them tool of the cooperative movement. Thus the suppressed class could not understand the significance and importance of cooperatives resulting slow development of the cooperative movement in Uttar Pradesh.

Jhansi district is located on the west south of Uttar Pradesh and is known as "Bundelkhand Region" surrounded by Madhya Pradesh from three sides. Jhansi Division is very backward in terms of economy and literacy. The soil of Bundelkhand region is generally

\(^1\) Source: Statistical Diary-1995-Lucknow (U.P.)
unfertile. It is geographically rocky, hilly and mostly un-irrigated. The literacy percentage of Jhansi district is little better in comparison to the entire Uttar Pradesh and it's about 42.57 percent.¹

In Jhansi district. During survey, we found that there are small pockets where cooperative could get success. Ranipur (Mauranipur) regisited² a large number of cooperative societies in the field of Hand Looms. Though this area is not surplus is literacy but during survey it was found that many societies were defunct; a number of societies did not keep proper records, they convene the annual meetings occasionally and they never got their accounts audited. As regards the credit cooperative societies, their number is negligible. Consumer's stores are as few as nil. Only state employees cooperative consumers store is working, this is only because it is running as a government enterprise. Cooperative Bank³ is functioning successfully. It is to be noted that the cooperative housing societies, which were got registered in urban area's of Jhansi city and adjoining blocks, most of them are defunct. It is also noticeable that the consumer's cooperative societies which were set up under 20 point programme in different institutions also failed. the cause of failure of these societies may be allurement of subsidies etc. which was given by the government. It is rightly said:

"Cooperative's in general have now become largely a means for the well-to-do to appropriate to themselves all the facilities provided by the development programmes at subsidized rates, and this has

1. Socio-Economic summery-1994-95 Economic and Statistical Department, Jhansi

2. Largest cooperative units were functioning and producing teri-cott & cotton clothes.

3. It has become a field of politicians. The National political parties fields their candidates for the post of Directors and as well Chairmen of the Bank. Thus, the Cooperative Bank is no more a mass movement in Jhansi district.
brought into disrepute a form of organisation which in a more favourable political setting could have played a very useful role."

In Jhansi district which is suffering from bad conditions of low productivity of agro-produce, unemployment and poverty, the cooperative could have done much more for their socio-economic betterment but unfortunately these adverse conditions especially illiteracy did not promote cooperation among people of Jhansi district-especially the rural people. The average farmer is illiterate, ignorant and has not been able to understand the significance and utility of cooperation. Besides, rural society of Bundelkhand region is riddled with caste spirit, religious feelings and other conditions that hamper the growth of the cooperative spirit and of cooperative movement. These adverse conditions were prevailed at the time when cooperative movement started in Jhansi district and to a large extent, these conditions prevail even today. A very small percentage of the total population of Jhansi district, who have attached themselves with cooperative societies, most of them regard the cooperative societies as merely cheap money lending agencies. This is unfortunate that the roots of cooperative movement in Jhansi district could not penetrate deep because it could never become a mass movement, but is still a government programme. In this context we can express the views of All India Rural credit survey committee:

"Cooperation is like a plant held in position with both hands by government because its roots refuse to enter the soil."

The National Cooperative Union of India is an apex cooperative organisation representing the entire cooperative movement. The objectives of the Union are to promote and develop the cooperative movement in India, to educate guide and assist the people in furtherance of these objectives the union will:

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(a) Organise cooperative education and training programmes and popularise the principles and practices of cooperation.

(b) Arrange for production and publication of literature and audio-visual and other aids including films, film strips on cooperation and allied subjects.

(c) Maintain an information bureau and a library.

**LACK OF SELF INSPIRED LEADERSHIP**

Cooperation has been accorded a place of pride in the national planning system. It has been recognised as an instrument of national policies connected with increased production, equitable distribution and distributive justice for weaker sections. For proper development of cooperation as an institution and an instrument of national plan and policy, competent and dynamic leadership have become inevitable factors.

Leadership is implicit in the process of all human groups and it is only in the context of the structure, norms and goals of these groups that leadership can be understood scientifically. Each group has a set of explicit or implicit goals for achievement, so a certain degree of leadership is required to coordinate and direct the activities of a group. For a cooperative group that is formed on the basis of equality for the promotion of common economic interests, leadership is not less important. W.P. Wartkins has pointed out in his work "Function, Quality and Qualification of Leaders" that if people are to achieve the common objective for which they band themselves together, some one must take initiative, make proposal, assume responsibility for carrying them out. They should also direct and inspire the rest with the will to achieve the results desired. Cooperative in India has foundation on democracy and its values, so leadership is imperative.
for such movement. Leadership is an element, which makes the
democracy dynamic. Where there is no leadership, there is no
movement. Cooperative leaders are identifying those persons who are
engaged in the task of carrying and controlling the activities of
cooperatives. Cooperative movement is a democratic movement, which
can forge far ahead only in proportion to the foresight, dynamism
displayed by its members in general and by the cooperative leaders in
particular.

In the western countries cooperative movement emerged as
voluntary movement during the period that was dominated by the
concept of economic liberalism. After World War - II, states became
economically weak and were in no position to provide social security
to their inhabitants. People could not depend on state therefore idea of
mutual help and cooperation emerged. People joined together not only
to improve their economic condition but also to create a society where
exploitation could not flourish. Initiative of organising cooperatives in
India came from the British. Their limited interest was to give some
relief to small farmers who were being exploited by village money
landers and thus check discontentment amongst the villagers against
the British government. They never wanted local initiative and
independent leadership to develop. Thus source of leadership and its
quality were limited. The leadership could emerge only from groups
which were loyal to government. This was because, on the one hand it
was not possible for the foreign government to entrust the leadership
to politically motivated cooperative organisation who could be hostile
to them. Therefore much of the efforts were on to search local leaders,
pick them out and assist them to get into management of cooperatives.
The leaders were usually chosen from amongst those who were
recognised in the locality as men of integrity and who can work for
common cause with interest of general good. They were either natural
leaders of community or caste which formed the cooperative society or
were otherwise wealthy persons who were inclined to serve their
fellow men and render helping hand to such people to improve their economic condition by joint efforts. The government and its policies have major influence on the progress of cooperative movement. This deprived an opportunity of re-emergence of competent cooperative leaders from within the organisation or movement. British Govt. did not incorporate it in policy matter and used it as an instrument of implementation of its popular schemes. Unfortunately this situation regarding cooperatives has still not changed even after 50 years of independence. After independence Govt. came out with financial assistance under various planned schemes to translate the vision of cooperatives into ground realities. Cooperative in India is now very much an instrument of planned economic development. The growth and direction is determined in the broad frame of plan objective and priority. In post independence period government played a crucial role in cooperative development through financial outlays in successive five year plans. Govt. initiated policies with regards to promotion of cooperatives in carrying out economic activities and developing legal framework for their development. This helped cooperatives to spread themselves in all directions covering wider and wider field of action. There are more than 4.11 Lacs of societies with more than 94 millions of membership and working capital of 131.38 thousand crore rupees. Despite this fact cooperative movement has a very few glorious success to emulate. Green revolution of 70's was not possible without supportive role of cooperatives. White revolution of 70's also owed it to the efforts of cooperatives. These phenomenon successes were result of vision and determination of individual cooperative leader who was part and parcel of movement. Due to lack of emergence of cooperative leader from within the movement and predominance of state-sponsored leaders, cooperatives are successful in a few states only. Cooperative banks are successful in Maharastra only. Similarly marketing cooperative are successful in Kerala only. In U.P. cooperatives are still reeling under overbearing of government and its involvement due to lack of visionary cooperative leaders.
Synthesis of government in cooperative movement has various fall outs.

Today cooperative movement finds itself at cross roads. There is crisis in cooperative leaders of vision, capability, integrity and stature who can not only accelerate the cooperative movement in the last decade of the 20th century but also shape it in the 21st century. The process of liberalisation and globalisation of Indian economy has floated a new challenge for the cooperative leadership. In the changing socio-economic-political environment, cooperatives are subjected to stress and strain. All these require systematic study, analysis, assessment and evaluation with academic objective and scientific rigour. Next, cooperative institutional leadership and institutional efficiency are needed. With such responsibility cooperative leadership should reorganise, gear up and meet new challenges to its ideological fulfillment and for accelerated growth. It is inevitable and discernible that cooperative leadership should undergo drastic changes to cope up with the speed of change in the next two decades.

(i) Cooperatives in India appear more or less as instrument/agencies of government. The true character of people effort does not find manifestation in cooperatives since cooperatives are given birth by registrar, nursed by the state and also liquidated by state.

(ii) Cooperatives by and large could not be developed as self-reliant and self-perpetuating autonomous entities. Self-help, a basic thrust of cooperative organisation has gone into background and dependence on government has increased. Member's awareness and participation in their own development appears to be diminishing.
(iii) Since lot of money has been pumped in the cooperatives through share capital, grants and subsidy by the government, the state intervention in the management of cooperative has been increased.

(iv) Government control and overbearing has weakened the growth and development of cooperative leadership.


**CHALLENGES BEFORE COOPERATIVE LEADERS**

The cooperative leadership is facing the following challenges for shaping a meaningful cooperative movement for the present context and also its relevance for the forthcoming century:

**Social Value:**

Success of cooperative organisation which functions on the basis of people's participation and involvement has to be part and parcel of the social system. Economic and technological changes are disturbing the basic fabric of society. Access of electronic media in remote places is reviving the spate of consumerism over socialism. In free market system under liberalisation and globalisation, competition become intense and success or failure of any organisation or enterprise or institution is measured in terms of profit or loss. "Profiteering tendency" is once again raising its ugly head to play havoc on unorganised, unprotected economically weaker classes. ICA congress in 1988 debated how the idea of capitalism gained ground in central and eastern Europe. Several cooperatives found them in new market, which took them by surprise. They forgot true nature of competition and need for international cooperative. This situation is likely to emerge in India also.
Organisational Effectiveness:

Cooperatives in this country have generally three tier federal structure with village level institutions as primary tier, district or state level institution as secondary tier and national or state level institution as apex tier. Three tiers are linked together in terms of technical advice, financial support and common business strategy. Strengthening of federal structure is pre-requisite for developing viable cooperative model in future. Unfortunately all three tiers are working in tandem and they lack coherence in mutual assistance. There is also duplication of efforts which result in wastage of limited resources and potential. Cooperatives as an organisation need restructuring and consolidation of their resources for optimal use for principles of cooperation. Effectiveness of an organisation also depends on style of management decision making process and achievement of objectives enunciated in the bye-laws. There is no reason why cooperative organisation can not be competitive, economically viable and profit oriented provided it has dynamic and imaginative leadership to give guidance. There is consensus that movement must be rebuilt from the grass roots, primary societies that comprise its base. Primary society should be small enough for members to be able to relate to them, yet large enough for efficient and effective operation. The federal structure of cooperative needs to be strengthened. It becomes necessary to establish effective inter-cooperative relationship between various units of federal structure. This type of structure has been found to be appropriate given the geographical dimension and administrative set up of the country.

Government Intervention:

What cooperatives need today is freedom from the shackles of government intervention. This will give some amount of autonomy to the cooperative leaders. There should be change in the nature of
government interaction with the cooperative. Earlier government tended to control and guide the cooperative movement. From its present role the government should switch over to the role of promoter. It should frame a comprehensive policy and broad guidelines for the operation of cooperative and should play a role of supervisor. Financial assistance in successive five year Plans is on decline which indicates that government expect cooperatives, like other organisation, to be self-reliant in long run. Sooner the government gives freedom to cooperatives better it will be for viability of cooperatives. This will not only help the emergence of new leadership and management for the cooperatives but also strengthen the democratic norm by way of micro planning and implementation.

New leadership roles required new leadership skill. Three critical areas of skill are as follows:

(i) **Building Shared Vision**: When more people come to share a vision, the vision becomes more real in true sense. When people have visionary leader, the vision no longer rests on their shoulders alone. Leaping on to 21st century without shared vision will tantamount to leaping into darkness. When the leaders are nurturing their own vision people may say that it is my vision. But when shared vision develops, it becomes both "My vision" and "Our vision". A shared vision has less chance for failure.

(ii) **Surfacing and Testing Mental Models**: Many of the best ideas in organisation never get into practice. One reason is that new insight and initiatives often conflict with established mental model. The leadership task of challenging assumptions without invoking defensiveness requires reflection and inquiry skill possessed by few
leaders in traditional controlling organisation. Most leaders are skilled in articulating their views and presenting them persuasively.

(iii) **Systematic Thinking:** We all know that leaders should help their people see the big picture. But the actual skill whereby leaders are supposed to achieve this are not well understood. Experience shows that successful leaders often are "systems thinkers" to a considerable extent. They focus less on day to day events and more on underlying trends and forces of changes. But they do this almost completely imitatively. One of the most significant developments in management science is the gradual coalescence of managerial systems thinking as a field of study and practice.

Leadership is as important as the autonomy in the successful management of the cooperatives. The standard economic theory believes that cooperative principle does not have reliable theoretical foundation as it does not accept both coercion and profit motive. However cooperative principles tries to combine collective action with a view to achieving common good. It tries to bring out the hidden virtue of human beings and make them work for mutual benefit and common good. If we closely examine this principle, we find a more humane rational behaviour of human beings which is embodied in the cooperative principles. Leadership is an institutional phenomenon. No doubt, the personality of the leaders are influenced by situation. But the true leadership through individual oriented has got a collective group formation. Only then the leadership can hope to achieve the goals of organisation. In cooperative leadership, the socio-economic status of a leader is irrelevant. In fact cooperatives have failed in India as in U.P. partly because the leaders were imposed on them either because of their socio-economic status or because such strong
leaders imposed themselves on cooperative organisations. There were also cases where cooperative leadership was converted into hereditary leadership with all its accompanying horror's and inefficiencies. Consequently, cooperative organisations became weak and failed to achieve the intended goals.

Cooperation being a self-governing democratic system, its development and growth, will depend upon the quality of its leadership. Any leader whether he is a political leader, an entrepreneur or a religious leader should have a vision of the future. Several leaders who are propped up with a vision are forgotten today. Therefore, a vision about the future shape of the organisation is necessary for any leader. This is much more important for a cooperative leader. Such leader will succeed once they identify and achievable vision within given human and material resources. Thus following are the requirements for a cooperative leadership.

The quality of the cooperative leadership is that a leader must have morale commitment for the cooperative principle. This is the moral foundation of a leadership. This is very important for any leader to succeed in cooperatives. He must be honest and polite. These qualities ensure transparency in the functioning of the organisation.

Transparency encourages timely identification of weaknesses and initiation of corrective measures. Absence of transparency conceals weaknesses and the organisation degenerates. This is the situation in most of the village level cooperatives. Very few people know what goes on in these societies until the auditor audits and files his observations.

The cooperative leaders must have self-confidence in his own abilities to manage the organisation with the assistance and cooperation of his fellow members. He must be courageous. This does
not necessarily mean that he should have the much adored charisma. Charisma is required only for leading the ignorant masses. A cooperative leader should be a person of self-confidence. An honest leader automatically becomes a courageous leader. In cooperative leadership honesty and courage are important.

The most important character of a cooperative leader is that cooperative leadership is the property of the group and does not reside in any individual leader. It becomes the function of the group structure by controlling and influencing the behaviour of the others in the organisation. A leader must not only interact with others but also alter his role in the group. He should not only influence others but also be prepared to be influenced by others to achieve the goals of the organisation.

The above-mentioned qualities of leadership are essential prerequisites. Other elementary requirements of a leader like necessary linguistic skill in articulation, persuasion and even some degree of technical skill, knowledge of history, society, political institutions, legal and constitutional framework will enhance the quality of cooperative leadership.

In Uttar Pradesh and also in Jhansi District the failure and liquidation of most of the societies is directly due to the defective management and weak leadership. The work of the societies suffered from nepotism, favoritism and partiality. For instance, loans and other assistance flowed easily to rich members and to the relatives and friends of the office bearers. Moreover the office-bearers were not strict in getting repayments from those in whom they were interested, resulting failure of the societies. Thus we can conclude that the liquidation and failure of most of the cooperative societies is due to weak and inefficient leadership. During survey it was found that most of the societies are defunct. The people's participation is very poor,
because in most of the societies the administrators were appointed by the government, who were beuracrats without having knowledge of the principles and function of the cooperatives, made the cooperative movement a Government programme.

PAUCITY OF TRAINED PERSONNEL

If co-operative movement is to strike deep roots in the Indian soil, the members in its fold should be fully conversant with the principles and practice of co-operation. One very important reason for the tardy and inadequate growth of the co-operative movement in India was that the movement was thrust upon unprepared and unreceptive minds. The sponsors of the movement did not realise that its success hinged entirely on the spread of education in co-operative principles.

As early as 1915, the Maclagan Committee laid the strongest emphasis on the need of education both before and after the registration of societies.¹ The Committee rightly observed in its pioneering report that if co-operation was to be "real and not shame", a knowledge of its principles was absolutely necessary for every member. Most of the faults and defects found in the working of the societies were attributed to the lack of teaching by the Committee. The Royal Commission on Agriculture was equally unanimous in its view more than a decade later, that the only remedy for the unsatisfactory conditions was patient and persistent education of the members of primary societies in principles and meaning of co-operation.²

In 1945, the Co-operative Planning Committee laid stress on co-operative education in the following words:

1. Report of the Committee on Co-operation in India (1915), p. XIV.
"If the co-operative movement is to develop on a sound basis and expand in diverse directions, it is necessary, that those who comprise its vast membership are made conversant with the principles and practice of co-operation. It is only that they and their representatives will be able to conduct its affairs on well ordered lines".¹

Accepting the task of promoting a sound co-operative movement in the country, the Committee on Co-operative Administration (1963) rightly observed that "no factor has such great influence as the diffusion among all associated with it of knowledge of the principles and practice of co-operation." The all India Rural Credit Survey pointed out that the integrated scheme of rural credit put forward by it would depend on few things so much as on "finding the right men and giving them right job."

A co-operative society may have a good balance-sheet and a good record of performance in its field of activity but if the members do not put a sense of responsibility and ownership, it will have a foundation which may not be able to withstand the period of adversity. It is highly desirable, therefore, that the membership of a society consists of people who are well versed in the principles and practice of co-operation. The office bearers as well as members of the managing committee are expected to be not efficient 'Operators' but also genuine 'co-operators'.

The growing importance of co-operative education can be gauged from the fact that the I.C.A. Commission (1966) recommended that "all co-operative societies should make provision for the education of their members, officers and employees, and of general public, in the principles and techniques of co-operation, both economic and democratic." It may be noted that the Special Committee

of 1937 had downgraded educational activity of co-operatives to a
position of secondary importance. The 1966 Commission, however,
restored education to its proper place. "To consider education as
optional or less important to jeopardise the success and spread of the
coop-erative movement."

It has been observed, that people join a co-operative society to
get scarce things without much trouble, or to get things cheaper than
they get in the free market, or to get cheap loans, or to secure any
other special advantage. In most cases they do understand and
appreciate the purpose and aim of co-operation. In such a situation,
members tend to be no more than clients of convenience". Their lack
of appreciation of co-operatives. For the satisfactory functioning of
co-operatives as an association and as a business unit, the education
of members, of office-bearers and of staff, in all aspects of co-
operation is absolutely necessary.

The co-operative training and education programme has acquired
added significance in India in the wake of the development of the co-
operative movement in manifold directions. The need for
consolidating the gains in the co-operative sector and the urgency of
providing effective guidance and support by the orientated functionaries
and of efficient management of these institutions to attain the
objectives of 'growth' and 'stability' are envisaged in the years ahead.

"Train and educate your co-operators before setting up your
societies" should inevitably be the watchword of the Co-operative
Departments if setbacks and failures are to be avoided to be the most
stumbling block in the path of the co-operative movement. "Against
ignorance." according to a Latin proverb. "even gods fight in vain." If
coop-eration has to thrive and progress, this ignorance will have to be
dispelled somehow. There is no other way to overcome this deficiency.
than carrying on sustained efforts in educating the members in co-operation.

The Study Team on Co-operative Training has rightly reiterated that an effective programme of co-operative education and training is a sine qua non of sound development of co-operative movement.\(^1\) It is based on the consideration that in the ultimate analysis the success of co-operative societies is dependent not so much on the extent of financial or organisational aid given to them by government or other external agencies but upon their capacity to muster a combination of enlightened members, responsible office-bearers and competent employees.

The overall objective of co-operative education is admittedly to create and sustain faith in the co-operative ideology and to inculcate the spirit of self-help and self-reliance among the members vision, fore-sight and ability to lead the masses on right path. Again, education must make them feel that they are members not only of the co-operative society but also of a movement, a movement that does not represent a mere commercial system, but is also a movement of ideas, new conception and a new organisation of human relationship.\(^2\)

Sir Arthur H.D. Acland and Mr. B. Jones have stated that "the object of co-operative education should be to transform the mere customer into a co-operator, and a better citizen, able and willing to serve the community to the fullest extent of his power."\(^3\)

The Educational Programme issued by the National Education Council, British Co-operative Movement, considers the object of co-operative education as "the formation of co-operative character and opinions" and "the training of men and women to take part in industrial and social reforms and civic life generally."

The intent of co-operative education is to develop, what Mr. J.J. Worley has called an 'association complex', i.e., an outlook on life which impels a desire to associate, to collaborate, to co-operate with one another for the attainment of the greatest common measure of individual as well as social well being. Addison once remarked: "A human soul without education, is like marble in the quarry, which shows none of its inherent beauties till the skill of the polisher fetches out the colours."

It should always be kept in view that co-operative education is as low and continuous process and differs considerably from co-operative training. Co-operative education is imparted to influence the way of thought and is directed to develop certain moral and social values and foster mental and cultural qualities. The objective of co-operative training as against education is more applied than fundamental, is repetitive, is intensive and, beyond a certain stage, is mechanistic and by its very nature practical.¹

Co-operative education is an education in responsibilities and in human relation. The aim should, therefore, be to develop men rather than trading societies. Many Co-operators would hail these inspiring words of Sir Thomas Allen: "In all human endeavour nothing is worth making unless in the process it contributes to the making of man. In our co-operative practice we see humanity in the process of civilising itself."²

Informed membership is the very basis of the co-operative movement and unless this problem can be speedily tackled no real progress can be envisaged. The importance of co-operative education

¹ B.J. Patel: Co-operative educational and training. P. 117. Report of All India Seminar on Cooperative education-All India Co-operative Union.
² Quoted in Co-operative Organisation and Post-War Relief-I.L.O. pp.33-34.
of members can be gauged from the following remarks of a Swedish co-operator. "If we had occasion to start our movement afresh, and if we were given the choice between two possibilities that of starting without capital but with enlightened membership and staff or on the contrary that of starting with a large amount of capital and ill informed members our experience would incline us to choose the first course."1 In the ultimate analysis, it is informed membership that counts, more than anything else, for the success and expansion of the co-operative movement.

The importance of informed membership in a co-operative arises from various considerations. In the first place, it is connected with the fact that co-operative are democratic organisations wherein every member commands one vote. Hence, as in the case of a democracy based on audit franchise, a co-operative thrives in direct proportion to the understanding of their rights and obligations by its members. In fact it has been said that: "Co-operative movement is democratic movement, if ever there was one. It, therefore, can not repose on the sense of a few. Its success will depend on the good sense of the masses. Education is desirable for all man-kind. It is life's necessity for co-operators."

Another consideration which underlines the role of member-education in a co-operative is the fact that where the membership of a co-operative is inert, the social value of the institution, as a training ground for democratic responsibility and business practice, is practically lost. Not only that, the co-operatives continued development can be undermined by absence of loyalty on the part of such members. It has to be noted that one of the factors in building up

loyalty is the member's ability to appreciate the basic philosophy of co-operation. That is why one of the most essential tasks in India is not so much the establishment of co-operatives as the building up of co-operators.¹

The stupendous nature of the training programme could be gauged from the fact that the co-operative movement had a membership of more than 53 million and it was expected to become much more in future and trained co-operative personnel would be required to man lacs of co-operative societies in India.

**Educational Arrangement in India:**

The first organised efforts in providing co-operative were made in Madras in 1914 with the organisation of a Provincial Union. In pursuance of the recommendations of the Royal Commission on Agriculture, several provinces made arrangements for co-operative education and facilities.

In 1935, a significant development took place in the field of co-operative education and training. This development was based on a scheme drawn up by Mr. Darling. This scheme envisaged assistance from the Government of India to the provincial governments for providing training facilities for official and non-official staff and members of the societies. Training under this scheme was divided into three stages. In the first stage, training of persons who would, on completion of training, work as teachers and instructors, was to be taken in hand. Training of all types of officers of the Department, auditors and clerks was to be taken up in the second stage and training of secretaries and the members of the managing committee of agricultural credit and other societies in the third stage. The

provincial governments were to draw up programme for the implementation.¹

In 1945, the Co-operative Planning Committee reviewed the arrangements relating to co-operative training and found them lacking in uniformity and adequacy. The Committee observed: "No organized attempt seems to have been made in many parts of India to impart co-operative education. Arrangements have, however, been made for co-operative training and research but they are not uniform in different provinces."² The Committee made a number of valuable suggestions about teaching of co-operation in schools and colleges, so as to ensure that the ideals of co-operation were infused into the minds of boys and girls. The other recommendations of this Committee were that separate co-operative colleges should be set up in each province, and at the central level, a co-operative institute of advanced study and research should be established by the Government of India.

Study Team on Co-operative Training: In November 1960, the Government of India set up a study team to examine the adequacy of the existing arrangements for co-operative education and training and to suggest measures necessary for making them commensurate with the requirements of the co-operative development. The study team, among others, suggested the constitution of a National Board for Co-operative Training. This and other recommendations were considered in the Conference of State Ministers of Co-operation and the following decisions were taken by the Government.

1. Co-operative training and education should be the responsibility of the co-operative movement itself both at the national level and state levels.

2. The administration of all the junior co-operative training centres should be transferred to the state co-operative unions, which should run them through special committees appointed with the approval of the State Governments. The expenditure of the junior co-operative centres should be shared between the central and state governments as at present.

3. The administration of all the intermediate co-operative training centres should also be transferred to state co-operative unions. The centres transferred to the state unions should be run through special committees appointed with the approval of state governments.

4. The central organisation should have the following activities:

(i) to run a central institute for training of senior personnel of co-operative departments and co-operative institutions on an all India basis;

(ii) to arrange for specialized courses in various subjects at intermediate training centres on an inter-state basis;

(iii) to arrange for research at the central institute and at intermediate and other co-operative institutions, universities, etc. and co-ordinate the programme of research;

(iv) to run intermediate training centres in states where they are not handed over to state co-operative unions;

(v) to be in charge of overall co-ordination of the entire programme of co-operative training and education, including membership education.
5. The work at the centre should be entrusted to the National Co-operative Union of India, which will appoint a special committee for the purpose with the approval of the Government of India.

6. Teaching of co-operation may be introduced in the primary and secondary schools through simple lessons and by introducing descriptions of important co-operatives in the subject of social studies. Co-operation should be an optional subject in B.A. (econ) and B.Com. courses and it should also find a place in the curriculum of agriculture degrees. A Master's Degree in Co-operation and allies subjects may also be introduced.

7. A statutory provision may be made in the Co-operative societies Acts, requiring the societies working at a profit to make contributions to the education funds of State Co-operative Unions.

NATIONAL CO-OPERATIVE UNION OF INDIA

The co-operative education and training structure in India has three tiers, namely, the National Co-operative Union of India, the State Co-operative Unions and the District Co-operative Unions:

The National Cooperative Union of India is an apex cooperative organisation representing the entire cooperative movement. It was established in 1929 as All India Cooperative Institutes Association and was rechristened as India Cooperative Union through merger of Indian Provincial Banks Association with the All India Cooperative Institutes Association and later in 1961 as National Cooperative Union of India.
The objectives of the Union are to promote and develop the cooperative movement in India, to educate, guide and assist the people.

In furtherance of these objectives, the Union may either by itself or in collaboration with other cooperative institutions:

i. organise cooperative education and training programmes and popularise the principles and practices of cooperation;

ii. develop inter-cooperative relations and help the coordinated functioning of the cooperative movement in various sectors;

iii. organise, conduct, collaborate and assist in carrying out research, investigation of cooperative problems and formulation of projects for cooperative development;

iv. arrange for the production and publication of literature and audio-visual and other aids including films, filmstrips on cooperation and allied subjects;

v. maintain an information bureau and a library;

vi. convene and hold the National Cooperative Congress and cooperative seminars, meetings, conferences, exhibitions etc;

vii. select delegates, representatives and observers on behalf of the Union for participation in the international, national and state conferences;

viii. facilitate the promotion of cooperative institutions and assist the member societies in resolving their problems and difficulties and formulation of programmes and their implementation and preserve and safeguard the democratic character of the cooperative movement in the country;

ix. to confer honour on the eminent cooperators;
x. to provide consultancy services to the cooperatives;
xi. to maintain the following funds:

(a) Cooperative Education Fund,
(b) National Cooperative Training Fund,
(c) any other fund as decided by the governing council from time to time.

ACTIVITIES OF N.C.U.I.

Cooperative Education:

One of the most important activity of NCUI is member education. The NCUI formulates, monitors and evaluates the education programme for members, prospective members and office-bearers of cooperative societies in principles and practices of cooperation. The programme is implemented by the State Cooperative Unions. Special education programmes for women and youth are also conducted. Keeping in view the growing needs of diversification of cooperative sector, the union has also sponsored education projects for various sectors of the movement like agriculture, industrial, handloom, handicrafts and women development etc.

National Centre for Cooperative Education:

To build up functional efficiency of cooperative educators, the NCUI is running the National Centre for Cooperative Education which trains the trainers. The NCCE conducts courses for cooperative education functionaries. Leadership development programmes are conducted for non-official leaders for the development of leadership in the cooperative movement.
National Council for Cooperative Training:

Training of the cooperative employees, both institutional and departmental is being discharged through the NCUI's special Standing Committee-The National Council for Cooperative Training. For this purpose it establishes and manages cooperative training institutes. The three tier training structure of the cooperative training comprises of Vaikunth Mehta National Institute of Cooperative Management at Pune. Institutes of Cooperative Management (19) located in the States and Cooperative Training Centres (96) for junior category of cooperative employees. The National Institute provides training to senior personnel while institutes of Cooperative Management train the intermediary staff. The NCCT administers the training in these Institutes and is responsible for overall coordination and academic guidance in the junior cooperative training centres.

The courses conducted at the ICMs include two basic courses: one for awarding Diploma in Cooperative Business Management and the other for awarding Higher Diploma in Cooperation. In addition, they have introduced Diploma Courses in specialised subjects namely banking, marketing, audit, housing, industrial cooperatives and handloom cooperatives etc. Besides short-term orientation/functional courses in various sectors of cooperative management are also conducted. Nearly 50 Afro-Asian countries also avail of these training facilities every year under international technical assistance programmes. The NCCT brings out text books for the use of trainees of various training programmes.

The NCUI undertakes research studies into specialised fields of cooperative development. The policies and programmes of intersectoral character are taken up in particular. To motivate scholars and academicians to undertake research in the subject of cooperation, the
Union awards a few research fellowships for doctoral and post-doctoral research.

The NCUI convenes subject matter conferences and zonal workshops from time to time. Indian Cooperative Congress is the highest forum of the Indian Cooperative Movement to review the progress and policies relating to cooperative development in the country. The NCUI convenes the congress once in three years.

To project the proper image of the cooperative movement the NCUI undertakes publication and distribution of a variety of cooperative literature. It brings out the 'The Cooperator', a monthly journal. It also brings out education material on various aspects of cooperatives for the use of trainees of training programmes.

The National Resource Centre has been set up in the NCUI which consists of Cooperative Data Bank, National Library-cum-Documentation Centre and the Desk Top Publishing (DTP) unit. This promotes the usage of modern technology and computers in the management of cooperatives. The strong data base is to create awareness among its member institutions. National Resource Centre enables to develop the linkages with member institutions for regular flow of information and make available the consolidated trends of the cooperative development to all concerned. A number of research scholars are making use of the centre.

The implementation of the programme of training and education is the responsibility of the National Co-operative Union at the national level. The national Union has set up a special committee on Member-Education to guide the Member-Education Programme and the basic training and orientation of instructors. Another special body named, the Committee for Co-operative Training has been constituted to plan, administer and guide the institutional training arrangements. This committee is in over-all charge of the Vaikunth Mehta National
Institute of Co-operative Movement and 14 Co-operative Training Colleges and provides technical support to the co-operative training centres. It also undertakes evaluation of training courses and advises the Government about steps to be taken for promotion of co-operative training and research. Four co-operative training colleges located at Poona, Madras, Anand and Gopalpura, are administered by the Committee through the State Co-operative Union of Maharashtra, Tamil Nadu, Gujarat and Orissa respectively with the aid of special committees constituted for the purpose.

At the state level, there is State Co-operative Union in charge of implementation of member-education programme. The states unions prepare co-operative literature, such as basic and functional pamphlets, booklets, etc. In some of the States, District Co-operative Unions have been organized to undertake the educational programme through peripatetic training units under the guidance and supervision of the state unions.

**TRAINING INSTITUTIONS**

**Sector Level:**

The training of senior or higher personnel, both departmental and institutional is conducted on an all-India basis at the Vaikunth Mehta National Institute of CO-operative Management at Pune. The Institute undertakes research and field study programmes, offers management consultancy service and organises co-operative seminars, etc. It also awards Diploma in Co-operative Business Management and also conducts various specialised courses.

**Intermediate Level:**

For intermediate level personnel training programmes are arranged at the Co-operative Training Colleges. These colleges conduct Diploma Course in co-operation of the duration of 36 weeks.
Diploma Course are also organized for industrial co-operatives, co-operative marketing, land development, banking, etc.

**Junior Level:**

The training of junior co-operative personnel is conducted by the State Government and for this purpose training centres have been opened in different parts of the country. Some of these centres also organize special orientation courses.

**MEMBER-EDUCATION PROGRAMME**

The All-India Co-operative Union has been assigned the task of implementing the member-education programme, whose principal features are (a) to educate the honorary office bearers and of primary societies, such as the presidents and secretaries, in the principles, policy and practices of co-operatives, the law governing them, the business and accounting procedures, etc., (b) to educate members of managing committee in their duties, obligations and role in ordering the affairs of societies, firstly as co-operators and secondly as selected representatives of a large number of members, and (c) to educate members and potential members of societies in the ideology behind and integrated co-operative development scheme, the economic benefits that flow from its operation, and from co-operation in general. Mobile units have been set up to organize such training courses.

In spite of rapid progress in the number of training centres, it is regretted that a large proportion of co-operative personnel are untrained, the facilities provided by the training centres are not properly utilized. The co-operative institutions have, by and large, failed to fully avail of the existing facilities provided by the different centres. A Study Team of training programme for junior co-operative training personnel and member-education has in its report remarked
that during the Third Plan period only 60 percent of the capacity was utilized in Madhya Pradesh and 50 percent in Bihar. In Punjab the utilisation was upto 48 percent.

So far, generally speaking, less than 30 percent of the available training capacity has been utilised by trainees coming from co-operative institutions.

It has been admitted that by and large co-operative departments and co-operative institutions have not recognised the value of training to improving the efficiency of operations. Although pre-service training is essential in respect of the personnel of government departments it can be said that the limitations imposed by financial constraints and delayed recruitment do not permit them to have an adequate training reserve to spare in-service personnel for training periodically. But so far as the personnel of co-operative institutions are concerned, neither pre-service training nor in service training was considered essential. In spite of the fact that the latest provisions in law prescribe co-operative training as essential qualification for service in co-operatives, many institutions continue to approach Registrars of Co-operative Societies for exemption of some of these personnel from the requirements of training. This shows lack of appreciation of training as an important factor in improving the efficiency of their operations.¹

The apathy shown by the co-operative institutions in having their personnel trained may perhaps to be aid to stem from their inability to spare their employee for training due to financial reasons. However, even the few financially sound institutions do not seem to have realised the need of trained personnel. It is surprising to find that in spite of an ambitious programme of co-operative marketing and processing, there is no particular urge on the part of employer-

societies to have their employees trained. The fact that training can make a substantial difference in the efficiency and effectiveness of functionaries is not as fully appreciated as it should be.

The training centres do not have the benefits of receiving any independent reports regarding the assessment of their work and have not thus been able to improve themselves. The co-operative institutions are hardly consulted in planning the training programme. There is thus urgent need for greater involvement of the State Government officers and co-operative institutions at all stages of the training programme.

The weakest spot in the educational programme is the member-education scheme which has not had a satisfactory record of performance in several States. The All India Rural Credit Review Committed has stated: "From all accounts, member education has not been so extensively or dynamically organized as to have a significant impact on the part played by members and office-bearers in the working of their-co-operates."

Due to financial stringency member-education programme has suffered cuts in allocation of funds in some states. Some of the States have become indifferent to co-operative education as they have found the task of educating members difficult and tedious. In this connection, however, the observation made by Professor Laidlaw is significant: "If the difficulties of educating the members of Co-operative Societies in India appear to be greater than in some other countries, the solution is not to write it off as impossible but rather to approach the task with greater zeal; more workers, better programmes, stronger financial support."

The existing co-operative education programme has been restructured to enable the co-operatives to play more effective role in
the implementation of the 20-point programme. The National Co-operative Union of India, the apex organisation of the co-operative movement in the century, has taken up this measure to make co-operative society an effective instrument of the development of primary co-operative society at the village level to improve the socio-economic conditions of the members of the societies.

The revised scheme, instead of continuing the preset thinly-spread education efforts, will have more intensive approach to the co-operative movement. The target under this scheme is to have one co-operative education instructor for each block in the country with technically qualified supporting staff at the district level.

The study Team of training programme for Junior Co-operative Personnel and member-education (1968), has made the following suggestions with regard to training and education:

1. Trained personnel should be utilised to the fullest extent in the specialised field in which they were trained.

2. To attract more trines there is need to give more incentives and create better job opportunities.

3. Rationalisation and re-organisation of the existing centres is necessary so that the absolute minimum number of efficient centres are fully utilized and the others closed down. Service rules have to be framed for employees of co-operative institutions to safeguard their service interests like retention of lien, security of job, etc.

4. Administrative arrangements should be made to pay stipends periodically. There should be rationalisation of the pay-scale of the teaching staff and creation of cadre of teaching staff within a state. There is a strong case for enhancing the stipend of the trainees.
5. It should be the policy of the State Government and State Union to have own building for the Centres, hostels for trainees and quarters for the staff as campus life is important and games, sports and cultural activities contribute to the corporate life in these centres.

6. Frequent transfer of staff should be avoided to have continuity in administration, teaching and technical supervision. While recruiting staff, quota may be fixed for deputation from the department, promotion from the lower ranks in the line and direct recruitment so that suitable persons can get a chance to work on these posts.

7. In the category of personnel to be trained a uniform policy should be worked out for each state so that only suitable persons are deputed.

8. Member-education and junior training programme should be under the same agency of the State Unions for better co-ordination and effective integration.

9. The training should be continuous. any gap in between will involve administrative and financial problems. In States where the number of untrained employees is large, short-term courses could be devised.

10. It is worthwhile investigating whether a portion of the theoretical training can be imparted by correspondence course by the State Unions in the regional languages.

11. Too much dependence of the co-operative unions on government funds is bound to affect their initiative and self-reliance. The co-operative societies and other institutions should, therefore, make, more and more contributions for the education fund.
12. The co-operative federations should extend not only financial support but also technical collaboration.

Expert Group on Co-operative Training: An Expert Group headed by Dr. M.S. Swaminathan reviewed the training arrangements in 1974 and made several recommendations for improving the training programmes including the elevation of the status of the Committee for Co-operative movement by setting up a number of training programmes.

The Committee for co-operative training has already taken some action to formulate and introduce correspondence course for those who are interested in education in co-operation and also for the benefit of those employees who are not in a position to avail of regular campus training.

A three-tier well-organized structure of co-operative training is available in India. It consists of a National Institute of Co-operative Management, known as Vaikunth Mehta National Institute of Co-operative Management, Pune (VMNICM) for catering to the training requirements of senior personnel, a network of co-operative training colleges for training of intermediate personnel and co-operative training centres for training of junior personnel. The National Institute of Co-operative Management at Pune and co-operative training colleges situated at state headquarters are functioning under the administrative and financial control of the National Council for Co-operative Training of the National Co-operative Union of India which is financed entirely by the government of India. Co-operative Union of India which is financed entirely by the government of India. Cooperative Union. Co-operative centres for training of junior category personnel are functioning under the control of state co-operative union and state governments. The VMNICM has also undertaken research projects on the various aspects of co-operative movement in India.
LACK OF AWARENESS ABOUT THE NEW MANAGERIAL TRENDS

The economic scenario in India has undergone drastic changes since economic reforms were initiated in July 1991. The new economic policy aims at fiscal stabilisation and structural reforms. A quick look at the result of the new economic policy reveals that the Gross Domestic Product at constant 1980-81 prices increased by 5.3% in 1992-93 and showed a step-up to 7.2 percent in 1994-95 and this growth rate was maintained at 7.2% in 1995-96 and 7.5% in 1996-97.

India's first Prime Minister Pt. Jawaharlal Nehru's ambition was emancipation of the rural population from feudalism to create a modern India-self reliant and self independent-through the application of cooperative principles to improve cooperative movement in India. His dream has never come true. The nation has entered into new era. Cooperative can not escape or avoid this. Now, the primary responsibility of the cooperative leadership as well as members is to built up self-reliance both in terms of resources and management. Resource mobilisation and its profitable deployment, apart from improving new managerial efficiency, and services will be the key to the success of cooperative movement in India. New economic policies have made the cooperatives to be more realistic and their responsibilities to bridge the economic disparities in the society have increased to a great extent. The challenge of new liberalised economic policies has to be accepted for the major section of rural people predominated by agriculture and allied activities. Dependence on government for financial assistance has to be overcome. Immediate steps have to be taken to make the non viable cooperative to a viable one. The factor of new managerial leadership need to be taken into consideration. Cooperative values and cooperation among cooperatives should exist. Internal financial soundness has to be strengthened by creating widers membership base.
Latest technology, effective marketing and professional management at all level should be adopted and honesty and sincerity should be the guidelines. The cooperators should adopt new procedure/steps and strategy to fight out the onus of new economic policy. Development is inevitable otherwise the interest of millions of farmers, farm labourer and members of cooperative societies throughout India would suffer. 13th Cooperative congress held in January, 1997 has prepared a comprehensive action/programme considering the new challenges. The cooperative week, which was celebrated on 14th November, 1997 with the theme "50 Years of Indian Independence and Cooperatives" Shri Chaturanan Mishra, Union Minister for Agriculture, who inaugurated the Conference stated that the cooperatives must respond to the competitive international situation.

India has completed 50 years of Independence and is now fast approaching towards the 21st Century. The cooperative Movement will also be completing 100 years by the 2004. This is the proper time to introspect cooperative behaviour in the country and to restructure the whole movement including the Laws, Rules and Regulations specially looking to the new managerial trends adopted in private sector with which the cooperatives has to compete. Today we find specialisation in all the field of production, distribution, finance, import and exports etc. The private sector has accepted the new challenge by adopting new managerial methods. Seven years have gone by since the new economic policies, popularity known as Liberalisation were set in motion. The implications of these policies have been far-reaching for all sectors of the national economy-private, public and cooperative-liberalisation presages a free market economy and competition implies that operational strategies management structures and business decisions of business enterprises would be determined by the dictates of the market while the private sector, and to a significant extent also the public sector-have tried to orient themselves to the postulates of
this new economic environment, what have the cooperatives done in that direction in these seven years?

Cooperatives seems to be in double mind. First, the stranglehold of governmental control continues unabated. Deregulation is the core element if liberalisation but cooperatives have been kept outside its preview. Any institution whose policies, personnel and operational goals are constantly controlled from outside will hardly be in a position to respond adequately to the complex requirements of a competitive economy. Second, the collective will of the cooperatives has been debilitated by years of dependence on external instruction and assistance that they find it hard to muster initiatives to face new challenges. Resultantly, they have never felt comfortable with competition.

The weaknesses of cooperatives did not have serious consequences as long as it was the state policy to treat the cooperatives as holy cows. But with the advent of the era of liberalisation cooperatives are no longer to be treated on a preferential basis with special concessions. The new policy aims at creating a competitive economy where the fittest will survive. Progressive elimination of subsidies is a part of this change in macro economic policy. In the preoccupation with the agenda of liberalisation, cooperation was placed on the back-burner. Cooperators found to their dismay that there was not even a chapter on cooperation in the 8th Five Year Plan when the cooperators, asked the former Finance Minister Dr. Manmohan Singh about the need to support cooperation even in the context of liberalisation at a conference held in Yashwantrao Chavan Pratishthan in Mumbai asked them to be competitive and stand on their own. Thus cooperatives will have to evolve a body of knowledge and techniques and methods of new management which will enable them to survive and succeed in a competitive environment.
With a view to ensure appropriate positioning of cooperatives in the emerging liberalised competitive economy, a five point strategy has been formulated and is currently under implementation. These are as follows:

- Formulation of National cooperative policy.
- Formulation of model cooperative act to democratisethe working of cooperatives.
- Promotion of cooperation among cooperatives and to develop coordination between cooperatives.
- Strengthening base level cooperative institutions namely PACS through business development plan for making them self-reliant.
- Enhancing involvement of rural poor in the cooperative movement by organising them into self-help group and activities membership of cooperatives and reorienting the role and working of federal cooperatives to make responsible towards the need of primary cooperative societies.

FINANCIAL STRINGENCY

A cooperative is an autonomous association of persons united voluntarily to meet their common need. based on values of self-help, democracy, equality etc. Throughout its history the cooperative movement has undergone constant change. There is no definite tap root from which different cooperatives have emerged. They exist in difficult forms. serving different needs. But all should reflect the basic principles of cooperatives regardless of what they do and where they exist.

With the purpose to save the poor farmers from the clutches of Landlord and mahajans, the Cooperative Credit Societies Act, 1904 was introduced in India on 25th March 1904. Though it was meant for
the farmers but as per act. societies were identified in two sectors i.e. rural and urban. New credit societies were incorporated by a more comprehensive Act, 1912. In 1919, state governments were authorised to enact their own cooperative acts & rules.

Emancipation of the rural population from feudalism to create a modern India—a self reliant and self independent-through the application of cooperative principles to improve cooperative movement in India was the ambition of India's first Prime Minister Pt. Jawahar Lal Nehru.

Cooperatives in India from its very inception have been trying hard to usher in socio-economic development in our country. Contribution of cooperatives in rural economy can not be denied. Primary agricultural credit societies cover 95% of the villages in the country with membership coverage standing at 94 millions. They are supported by 364 Credit Cooperative Banks (CCB's) with their branches at intermediate level and 28 SCB at apex level. The share of cooperatives in agriculture credit is 60%. Inspite of such a remarkable record of progress, majority of the cooperatives especially at grass root level are still nonviable and not in a position to meet the need of the members.

In a country like India where a majority of the people are poor, many cooperative organisations must necessarily consist of persons with limited means, and these can not be expected to get on their feet unless a minimum amount of resources is placed at their disposal. It was for this reason that state entered into partnership with cooperatives and started providing loans and subsidies. It was expected that with this help the cooperative organisations would become strong and viable to effectively discharge their functions. But the state aid has however, not been able to yield the desired result. On the contrary massive aid provided by the state to the cooperative
movement has brought about a number of unhealthy trends in the movement. The word 'loan', 'grant', 'subsidy' and 'rebate' have acquired common usage even amongst the most illiterate in the remotest corners of India instead of the words like 'self-help', 'mutual help' and 'joint action'. The inevitable result of this has been that cooperative society has become almost synonymous with the earning of certain cash and other benefits and the spirit of cooperation is smothered and suffocated under the burden to selfish pursuits for gaining pecuniary advantages which were so far beyond the reach of the people. ¹

The International Team of the Ford Foundation styled this system of 'Spoon Feeding' by government subsidies as a 'Kiss To Death' for the movement.

In India, after independence, economic planning has been accepted as means of development with view to establish socialistic pattern of society. Special importance was entrusted to strengthen cooperatives so that they can function as a balancing factor between public and private sectors. Steps were also taken to develop cooperatives. State partnership in cooperatives was recognised as way to cooperative development. Agricultural cooperatives, urban credit cooperatives, consumer's cooperatives, artisan worker's cooperatives, housing cooperatives emerged with state support.

In India the cooperative societies working capital is derived from entrance fees, deposits and share capital of the members. In Uttar Pradesh as well in Jhansi district, it is evident that most of the cooperative societies are economically weak. Most of the societies are un-viable and defunct.. some of the reasons of their failure may be.

- Undue delay in financing.
- Financing without assessing the paying capacity.

¹ National Cooperative Union of India 1967 p. 99.
• Un-punctuality in repayment.
• Restriction of loans to a few favored individuals.
• Dishonesty and incompetence of society officials.
• Concealment of old debts.
• Inadequacy of funds.
• Abuse of power of in the collection and distribution of funds.
• Small element of thrift.
• Dependence on external resources.
• Ignorance and illiteracy of masses.

Contrary to the above reasons some external factors are also responsible for poor preformance of cooperative societies especially credit cooperative societies. The political parties while in power, "Loan Melas" were arranged and sometimes loans were written off causing setback in credit cooperatives.

The Reserve Bank of India's Governor, Dr. C. Rangrajan. has called upon the Urban cooperative banks to deburocratize administration, induce professional management, bring about internal control systems and audit and upgrade technology, so that they can become more responsive to people's needs in the liberalised economic setup. He said the existence of large number of weak urban cooperative Banks was cause of anxiety for the Reserve Bank of India. of the 1653 urban cooperative Banks as on March 31, 1997, 222 had been declared as weak on account of erosion of their capital base and part of their deposits, unsustainable level of non performing assets, accumulated losses and non attainment of viability standards. The decay had been gradual due to financial deterioration coupled with ineffective management. He called upon them to step the problems in the system and set right their functioning. ¹
With the introduction of economic reforms in India since 1991, the process of liberalisation and globalisation has been penetrating the various segments like banking, international trade, monetary and financial sectors etc. Cooperatives do face the challenges and competition in the present scenario. There are today 4.11 Lac cooperative societies with a membership of more than 19 millions and working capital of Rs. 131384 crores. The cooperatives are strong in the credit and banking sector accounting for about 60% of total agricultural credit disbursement in India.\(^2\) Despite the importance of cooperative sector in the overall development of Indian economy, the movement suffers from various constraints and handicaps like lack of professional management, weak financial base and cooperative laws not conducive to the growth of the cooperative sector. In the wake of economic reforms, the private corporate sector and multinationals with their waste financial resources, excellent management cadres and international marketing network are taking full advantage of the various opportunities, which are now available to them through the process of privatisation and liberalisation.

In the competitive and free market economy, it is critical for cooperatives to adapt themselves to the growing competitive economy. The occasion, therefore, calls for a serious introspection by the cooperatives with a view to strengthen their capabilities in terms of business development, professionalisation of man power and strengthening of financial base and cost effectiveness.

On the basis of the above analysis regarding the financial resources of the cooperatives in U.P. it may be concluded that the financial base of the societies is generally weak. Most of the societies in U.P. are dependent upon the participation of the state in their share capital. The societies have hardly made sound efforts to generate

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internal resources. Due to small number of member's, the share capital base of the societies is also weak. In order to enable the cooperatives to have a sound financial base and a strong financial structure, societies must make an effort to increase their membership which will help to generate considerable internal resources.

ABSENCE OF INCENTIVES

To promote cooperative movement it is essential to provide incentives to the mass at large to attract them to join the cooperative movement voluntarily and on the other hand incentives should be given to the employees of the cooperative societies too so that they do the right thing in right manner and in the right time. Thus their are two tier incentives to be given, they are:

(a) At the level of membership of the societies.
(b) At the level of leadership/workers.

To develop the cooperative movement it is very important to attract the mass towards cooperatives. With the increase of membership and their participation in the activities of the societies, the cooperative movement would itself flourish. In India the government gave number of incentives to the cooperatives such as subsidies, grants, share capital etc. to attract the people toward cooperative movement. In the field of cooperative housing societies, the government of Uttar Pradesh provided fifty percent concession on the stamp duty and registration fee to the members at the time of transfer of plot. The loan waiver scheme in some states in field of financial institutions is a case in point but such type of waivers will ruin the institution. The political party in power give such concessions to get cheap popularity and to increase its vote bank at the cost of the increasing financial burden of the institution.
It has been reported that the employees of cooperative societies are not very enthusiastic about the training facilities as there are no incentives by way of promotion, advance increments, better placement etc. for trained personnel. The stipend amount was too meager to be deemed as an incentive. It was also reported that in a number of centers good proportion of the post trainee's could not get job after training. It is indeed a paradox that when a number of trained persons are unemployed, a number of untrained are in service.

Some senior officers who received their training did not find the lessons very attractive. Many of trainees lamented the lack of proper facilities in regard to practical training. In some of the training centres physical amenities are rather poor and inadequate specially in respect of hostel accommodation, play ground, reading room etc. The chairman, Committee for Cooperative Training, Shri R. G. Tiwari has stated" our cooperative training colleges are generally not well equipped and the hostel facilities are grossly inadequate. The rate of stipend is also very meager consequently, the cooperative training structure fails to elicit the kind of response that should come up."

The talented and well qualified persons often feel reluctant to join cooperative service. Cooperatives being not so strong are also not in a position to offer attractive terms of employment as compared to the public sector or private sector enterprises. Therefore clear cut rules for promotions and service regulations etc. are required to be introduced in cooperative institutions.

The following norms for promotion within an organisational structure have been laid down in the report of The Cooperative Union of India.1

a. For primary cooperative societies 50% posts may be filled up through promotion

b. For state Federation above 50% posts may be filled up through recruitment and 50% through promotion.

c. Of promotion quota in federal units, 40% posts should go to the promotee's from within the units and 60% of the promotee's from the employee's listed in the integrated seniority and graduation list of employees of affiliated units. While promoting the employee's, due consideration should be given to the seniority, merit and performance along with the training background of the promotee.

It is suggested that these suggestions be enforced in cooperatives in Uttar Pradesh, further, the general pattern of remuneration in commercial establishment is that over and above the regular pay, some special incentives is also offered to the various categories of the staff. In Uttar Pradesh only some of the successful cooperatives have given such additional facilities, gratuity, medical-aid credit-facility. incentive-pay etc. The matters, relating to career development, promotion of employee, job rotation etc. are not considered in most of the societies in Uttar Pradesh. The cooperatives should introduce largely the schemes and programmes for development of a managerial cadre to take care of the societies in the state. It is high time that the cooperative societies take the effective steps for developing managerial cadre and preparing a roster of managers, so that the societies could have a source from which to recruit for their managerial position. Likewise, other matters concerning job description, work organisation of posts or positions, job evaluation, performance appraisal, and merit rating should also be looked into. Our study has convinced that the productivity, progress and incentives have not been given much importance in most of the societies in Uttar Pradesh and in Jhansi as well.

In addition to incentives motivation to employees is also an important part which is lacking in most of the cooperative in Uttar Pradesh. The basic pay and allowances have to provide to employees, the right type of motivation, encouragement, job satisfaction and identity of interest with the institution. Such emoluments as are generally recognised should be good enough to attract and retain well qualified and efficient staff and should be in keeping with the remunerations paid for identical types of business in the private sector.  

This should also include certain basic facilities for staff during working hours. Other types of incentives have to be related with sales and profitability of organisation. The incentives in cooperatives have to be attractive so as to motivate the employee's to attain the objective set. Apart from the monetary incentives a system of reward for good and outstanding performances by way of prizes, appreciation certificates etc. be introduced in cooperatives.

In Uttar Pradesh a beginning in this direction has already been made but there remains a lot to be done. Thus it may be concluded that the cooperatives, as business units with a rational blending of business and social aspects have to recognise the importance of motivation, which is a process through which employees morale is maintained for insuring higher productivity and profitability in the cooperatives.

In most of the cooperatives three groups of people influence the working complexion and managerial efficiency viz. Non-official leaders, who represent the interests of the society constituent members of a cooperative employee who are hired by enterprise and the government officers, who have been entrusted with the job of exercising administration and supervision over the functioning of

cooperatives. With a view to maintaining the desired degree of employees morale, these three managerial units should work in close cooperation and supervision in the cooperative enterprise so that employees group loyalty and team spirit is preserved.

The cooperatives to be an ideal employer should pay due regard to the welfare of their employees. Such welfare schemes are not only made from ideological consideration but also for providing material incentive to the employees for motivating him toward higher productivity. In the last it may be concluded that the cooperatives in Uttar Pradesh have to go a long way to do something in this regard.

EXCESSIVE STATE INTERFERENCE AND CONTROL

In the pre-independence era in India cooperative movement started with installation of the cooperative credit societies Act 1904 by the government. The act of 1904 was later on amended in 1912 to permit the formation of societies for the purpose larger than the rural lending. The movement developed with slower speed till the cooperatives became the responsibility of the provincial governments. In pre-independent India and post independent India several Acts, were passed and several laws and bye-laws were framed to develop the cooperative movement as a mass movement but unfortunately it being government sponsored and financially supported, it became a government programme. which encouraged the interference of the state into the activities of the societies.

The government was correct in encouraging the cooperative movement in all possible ways. The mistake it made was to convert cooperatives into government programme with all the rigidities and short sightedness associated with the government department. The tendency was to officialise the movement too much and leave little to private initiative. Moreover, the government put more emphasis in
quickening the pace of movement instead of consolidating it. Government officials did not take adequate interest in improving the financial strength of the societies, particularly the village level primary societies.

Practically the co operatives being government programme, the government used to fix the targets for provincial government and the provincial government fixes the targets for district level officers. The qualitative aspect of the cooperative movement has largely suffered on account of target hunting which was being followed by the cooperative Department of states in matter of organising societies. The target hunting led to the formation of a large number of societies in an indecent haste. The Mirdha Committee stated: "The short comings and defects that are observed in the movement and more an outcome of a deliberately accelerated pace of expansion." Chester C. Davis, consultant to the Ford Foundation, in his report on rural credit in India stated: "The movement has been by way of promotional enthusiasm which has superimposed cooperative societies by the thousand of villages where patient educational work had not laid the foundation for successful growth." ¹

Officers dealing with cooperatives have become so target-minded that they seemed almost to regard the peasants as made for targets and not targets for the peasants. They forget the human factor, which is the soul of cooperative philosophy.

The subordinate officials have been found to be target minded as they are told by superior officers that their promotion would depend on achieving the targets. The result has been that these subordinate officers resort to highly uncooperative and unfair practices to formally achieve the targets. Tempting and alluring promises are made to the

people to form and join the cooperative societies. These officers paint a very rosy picture of the movement before the rural folk and nobody bothers to explain the difficulties and practical problems that the members are likely to face in the working of the societies. Thus most of the societies have been organised by rising exaggerated hopes in the shape of liberal grants and subsidies and as the same have not been given to them, led to frustration amongst the members resulting distingration and dissolution of most of the societies. Dr. Smith stated: "People can be forced or bribed into a cooperative, but it is doubtful if they can be made cooperators."

The feature of the existing structure of cooperatives is the extensive state intervention. The intervention is deemed essential to protect the interests of both producers and consumers and to maintain stability of prices state intervention in markets for cooperative societies products takes the form of three major sets of inter-dependent policies and programs. They are the creations of infrastructure (both physical and institutional) the implementation of price policy and the approach to foreign trade in products. This type of intervention is good for the healthy growth of cooperatives but the intervention in the cooperatives as has been done in Uttar Pradesh is fetal for the growth of cooperatives.

The Uttar Pradesh Government's recent decision to reduce the tenure of Board of Directors of Cooperative institutions is a retrograde step. The government has overlooked the fact that cooperatives are people's voluntary organisations and have tremendous stake in the development and growth of their institutions. It is for them to decide, through democratic process, what is best suited to them. Unfortunately the step taken by the Uttar Pradesh Government deprives the cooperators of this whatever the intentions of the government, this is going to harm the interest of the cooperative institutions and of their members at large. This is certainly not going to benefit even the
government nominees in the long run, because what they have done will certainly boomerang on them in not very distant future. This was an innovative idea to damage the democratic structure of the cooperative institutions. By a special amendment the Uttar Pradesh Assembly has reduced the tenure of the Board of Directors from five to three years. This has been done apparently to ease out the leaders who belong to opposite parties. In one stroke the boards of almost all the cooperatives have been indirectly superseded there by providing an opportunity to the ruling party to get their men elected.

Similar practices were adopted by other political parties in the past. No one seems to realise that the interference in the affairs of cooperatives in whatever form it takes place will endanger the functioning of the institutions and the services to the members get affected adversely. All those who are interested in healthy cooperative development should consolidate their strength and mobilize public opinion against such unwarranted interference by party in power. Such unhealthy practices can be curbed only when the cooperative law is suitably amended to remove all such powers assigned to the government machinery so that democratic, vibrant and autonomous cooperatives can be developed in our country.