The cooperative movement in India was sponsored by the government. It started as a credit movement of small size, restricted jurisdiction and limited volume of operation. Subsequently it has spread to different spheres and grown into a giant complex organization. Growth has caused complexities which necessitated restructuring of the accounting system, introduction of management accounting practices and professionalization of management. It has also brought in a great deal of external control through government. Government, as a major stakeholder in the cooperative movement, directed the cooperatives to adopt management accounting practices for better planning and control. Cooperatives did introduce management accounting practices, but seemed to evince little interest in the application of such tools and techniques in their operation. The causes and reasons for such an attitude on the part of the cooperatives remained, by and huge, unexplored. Hence the present study, the study primarily aim to review the current financial accounting system, assess the status of accounting-based planning and control tools, and explore the possibilities and constraints in improving the management accounting practices in cooperatives.

The study is a descriptive research based on case study method. The units of study include four large cooperatives in Tamil Nadu.

The findings of the study revealed that the accounting system in cooperatives is yet to be perfected. Few tools of management accounting introduced in the cooperatives have served the purpose. The tools, by and large, are not used in planning and controlling the operations of the business nor are they used in the decision-making process. The major hurdles are external control, paucity of participatory decision-making process, external initiative, professional deficiency, dearth of training etc. The factors which would help to improve the system include restructuring of accounting system, participatory management and decision-making, introducing professionalization in the day-to-day affairs, restoration of democratically-elected board, training etc.