

Status of Co-Operative Societies Engaged in Rural Development

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SUMMARY

India is an agrarian society and half of its population resides in villages. Rural sector is the major contributor to the overall GDP of the nation and hence lack of development in villages means lack of development in India. Cooperatives cover more than 97% of Indian villages and share a major credit in the growth of rural sector, thus contributing to the overall economy of India. Government each year spends lakh to crores of rupees on rural development. But co-operatives working in rural areas are playing noteworthy role in this. After independence, role of cooperative societies grew to encompass socio-economic development and eradication of poverty in rural India. It became an integral part of five year plan and a fundamental part of our economy. Co-operatives provide over 100 million jobs around the world, 20% more than multinational enterprises. Rural credit cooperatives came into existence essentially as an institutional mechanism to provide credit to farmers at affordable cost and address the twin issues of rural indebtedness and poverty. Economic and financial reforms initiated in early 1990's were focused mainly on commercial banks which have pan-India and international operations. Cooperative banks were kept outside the reforms since these banks had limited area of operations, simple banking products and low volume of business and insignificant share in the total assets and liabilities of the Indian banking system. So this gives clear indication of scope of cooperative society also Employment opportunities in this area.

INTRODUCTION

During the British rule, Nicholson a British Officer in India suggested to introduce Raiffersen model of German agricultural credit Cooperatives in India. As a follow-up of that recommendation, the first Cooperative Society Act of 1904 was enacted to enable formation of "Agricultural Credit Cooperatives" in villages in India under Government sponsorship. With the enactment of 1904 Act, Cooperatives were to get a direct legal identity as every agricultural Cooperative was to be registered under that Act only. The National Cooperative Union of India (NCUI) was established in 1929 as an apex promotional organization for strengthening of cooperatives. National Cooperative Development and Warehousing Board was set up in 1956. National Cooperative Development Corporation (NCDC) was established in 1963 under NCDC Act 1962 to promote production, marketing and export of agricultural produce. Number of Cooperatives Societies increased from 35 thousand in 1965-66 to 545 thousand in 2002-03. Today, Cooperatives cover each & every village of India. Main objective was to make farmers free from the clutches of money lenders. Cooperative movement in India is one of the largest movements in World. 545 thousand cooperatives membership range to 236 million Working capital of Rs 34,00,555 million(credit and non-credit cooperative society) ,Village coverage - 98%, Cooperative movement has made tremendous progress in every aspect of the Indian economy. Initially cooperative movement was started with agriculture credit only. But now it has entered into all field of economic activities.

Role of Cooperative in Indian Economy

In India there is private sector, government sector and cooperative sector contributing to the economy of nation.

- 97% villages are covered by cooperatives
- 75% rural house hold are covered by coop.
- Agriculture coop. disbursed 21% of loan to farmers.
- Share of sugar production in coop. is 46%
- Share of handloom coop. is 54%
- Rubber procurement and marketing 15%
- Ice crème manufacturing 45%
- Oil Marketed (Branded) 49%
- Direct employment generation 1.22 million

- Self-employment generated for person 15.47%

Cooperative Organizations in Rural Areas

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- Rural sector is the major contributor to the overall GDP of the nation and hence lack of development in villages means lack of development in India.
- Cooperatives cover more than 97% of Indian villages and share a major credit in the growth of rural sector, thus contributing to the overall economy of India.
- Government each year spends lakhs to crores of rupees on rural development. But co-operatives working in rural areas are playing noteworthy role in this.
- After independence, role of cooperative societies grew to encompass socio-economic development and eradication of poverty in rural India. It became an integral part of five year plan and a fundamental part of our economy.

Types of Co-Operative Societies

- Housing cooperative
- Building cooperative
- Retailers' cooperative
- Utility cooperative
- Worker cooperative
- Business and employment co-operative
- Social cooperative
- Consumers' cooperative
- Agricultural cooperative
- Cooperative banking (credit unions and cooperative savings banks)
- Federal or secondary cooperatives
- a. Cooperative wholesale society
- b. Cooperative Union
- c. Co-operative party

These societies are broadly classified in to six main categories.

Consumer's Co-Operative Society

- It helps the consumer.
- It makes consumer goods available at fair prices.
- Example- Apna Bazaar 'Big Bazaar, Kendriya Bhandar, Sahkari Bhandar , Employees consumer co-operative societies Etc.

Marketing Co-Operative Society

- It helps producers and manufacturers to sell their products.
- They collect products from the producers.
- Then they arrange to sell them in the market.
- Eg. Gujarat Co-operative Milk Marketing Federation that sell Amul milk products.

Producer's Co-Operative Society

- It helps the producer.
- It makes available items needed for production.
- like raw materials, tools, machinery etc.
- Example- APPCO, Haryana Handloom etc.

Thrift and Credit Co-Operative Society

- It gives financial helps to its member.
- It accepts deposits.
- It provides loans at reasonable interest.
- Example- Village Co-operative Society, Urban cooperative banks

Co-Operative Group Housing Societies

- These are residential societies.
- They provide residential houses to members.
- They purchase land, construct houses and allots the houses.
- Example- The Employees' Housing Societies , Metropolitan Housing Co-operative Society

Farming Co-Operative Society

- Formed by small farmers
- To pool small holdings and work to benefits of large-scale farming;
- Example: Lift-irrigation Cooperative Societies.

Rural Cooperatives: Current Status

- Rural credit cooperatives came into existence essentially as an institutional mechanism to provide credit to farmers at affordable cost and address the twin issues of rural indebtedness and poverty.
- Today, short term cooperative credit structure has 32 state cooperative banks and 371 district central cooperative banks operating through 14907 branches.
- There were 92,996 Primary Agricultural Credit Societies (PACS) as on March 31, 2014 at the grass root level catering to the credit requirements of the members but also providing several non-financial services like input supply, storage and marketing of produce, supply of consumer goods, etc.
- Economic and financial reforms initiated in early 1990's were focused mainly on commercial banks which have pan-India and international operations.
- Cooperative banks were kept outside the reforms since these banks had limited area of operations, simple banking products, and low volume of business and insignificant share in the total assets and liabilities of the Indian banking system.

Source: International Cooperative Alliance (News).

Implication

- Large-scale enterprises in the cooperative sector require huge funds. Cooperatives should be encouraged to enter capital market and mobilize funds by means of deposits, debentures etc.
- The state governments can act as venture capitalists.
- Cooperatives can evolve deposit-insurance scheme, to instill confidence among the depositors, both in urban and rural areas.
- Effective deposit mobilization will help them to build their own bendable resources, for profitable and diversified lending.

In order to complete in the new economic environment, it should intensify its linkages with NGOs or Self-help Groups or panchayats and promotional bodies like NCDL to attract funds and other forms of assistance from international agencies like world bank, Asian development bank, EEC, FAO, ILO, etc. for specific development projects in the cooperative sector.

CONCLUSION

Cooperative Society is one of the largest sector Provides nearly 800 million employees in world. India Employees more employee than to any other country in the world. Being Agriculture based India's most population is situated in rural areas nearly 2/3 of total. So this gives clear indication of scope of cooperative society also Employment opportunities in this area. Much can be done to improve efficiency in cooperative society with proper management implementation and Government policies. The Corporate culture will also bring sustainable efficiency and thereby cooperatives can complete with strong private players. Professionalism in the management

of the cooperative enterprises will upgrade the quality of the staff with latest developments and also develop a proper and cordial relationship between the managers and members of board of directors. There must be proper and continuous training for both cooperative leaders and profession executives. There are a number of agricultural commodities like rice, sugar, fruits, vegetables; spices etc. that have strong competitive advantage in export markets. Agricultural cooperatives can take this advantage in foreign market. The leadership with vision, dedication, commitment and above all innovative approach can help in preserving Cooperative Identity in an Era of Competition.

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