

CO - OPERATIVE SECTOR FACED CHALLENGES IN INDIA – THEORETICAL STUDY

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ABSTRACT

The cooperative movement in India has its origin in agriculture and allied sectors. The first Cooperative Credit Societies Act was enacted in 1904. Subsequently a more comprehensive legislation called the Cooperative Societies Act was enacted. This Act provided for the creation of the post of registrar of cooperative societies and registration of cooperative societies for various purposes and audit. After Independence, cooperatives assumed a great significance in poverty removal and faster socio-economic growth. They became an integral part of the Five-Year Plans. The failure of cooperatives can be attributed to dormant membership and lack of active participation of members in the management of cooperatives. This study will be present benefits and problems of cooperative sectors in India and the importance of co-operative sector in the growth and betterment of members in Indian Economy.

Key words: Co-operative movement, Challenges, Economy, Producer Co-operative

INTRODUCTION

The cooperative sector has been playing a distinct and significant role in the country's process of socio-economic development. There has been a substantial growth of this sector in diverse areas of the economy during the past few decades. The cooperatives have been operating in various areas of the economy such as credit, production, processing, marketing, input distribution, housing, dairying and textiles. In some of the areas of their activities like dairying, urban banking and housing, sugar and handlooms, the cooperatives have achieved success to an extent but there are larger areas where they have not been so successful. The

grant, subsidies and aid meant for the poor farmers must be channelled through the cooperative sector. Once there are enough resources in the sector in terms of money there will be increased participation by the people and will result in the all-round development of the village.

Features of Co-operative society

- As it is a voluntary association, the membership is also voluntary. A person is free to join a cooperative society, and can also leave anytime as per his desire. Irrespective of their religion, gender & caste, membership is open to all.
- It is compulsory for the co-operative society to get registration. The co-operative society is a separate legal identity to the society.
- It does not get affected by the entry or exit of its members.
- There is limited liability of the members of co-operative society. Liability is limited to the extent of the amount contributed by members as capital.
- An elected managing committee has the powers to take decisions. Members have the right to vote, by which they elect the members who will constitute the managing committee.
- The cooperative society works on the principle of mutual help & welfare. Hence, the principal of service dominates it's working. If any surplus is generated, it is distributed amongst the members as a dividend in conformity with the bye-laws of the society.

Types of Co-operative society

1. Producers Co-operative

To protect the interest of small producers, these societies are set up. The co-operative society members may be farmers, landowners, owners of the fishing operations. To increase the marketing possibilities and production efficiency, producers decide to work together or as separate entities. They perform several activities like processing, marketing & distributing their own products. This helps in lower costs and strains in each area with a mutual benefit to each producer.

2. Consumer Cooperative

These businesses are owned and governed by consumers of a particular area for their mutual benefit. Their view is to provide daily necessary commodities at an optimum price. Rather than earning a pecuniary profit, their aim is towards providing service to the consumers.

3. Marketing Cooperative Society

With an aim of helping small producers in selling their products, these societies are established. The producers who wish to obtain reasonable prices for their output are the members of this society. For securing a favourable market for the products they eliminate the middlemen and improve the competitive position of its members. It collects the output of individual members. Various marketing functions like transportation, packaging, warehousing, etc are performed by the cooperative societies to sell the product at the best possible price.

4. Housing Cooperative Society

To help people with limited income to construct houses at reasonable costs, these societies are established. Their aim is to solve the housing problems of the members. A member of this society aims to procure the residential house at lower cost. They construct the houses and give the option to members to pay in instalments to purchase the house. They construct flats or provide plots to members on which the members themselves can construct the houses as per their choice.

Literature Review

Hakim's "Mechanisation and Co-operate Organisation" concluded that the lion's share of benefits of mechanized fishing in the state was gathered by persons or groups not actually engaged in the fish productions sector such as officials, traders and industrialists, but who set up fictitious fishery co – operatives.

Jyoti Gupta and Suman Jain (2012) in their study titled "A study on Cooperative Banks in India with special reference to Lending Practices" studied the Cooperative banks of India, while paying attention to their lending practices in general. They found that majority of the loans were house loans, and a 64% of the respondents for the survey conducted for the study preferred to take a long-term loan, mostly longer than 3 years.

Objectives of the Research

1. To understand co-operative sectors
2. To study the benefits of Co-operative Sectors
3. To identify the challenges faced by co-operative sectors
4. To suggest remedy for the challenges faced by the co-operative sectors

Research Methodology

This paper is theoretical based. Secondary data includes data collected from various sources, published as well as unpublished research work, books, magazines, government reports, brochures, journals, periodicals, research papers presented in various conferences, internet websites etc. So, extensive Literature Survey was conducted to collect secondary data for the identification

Problems faced by Co-operative sector

1. Lack of funds:

The cooperatives have resource constraints as their owned funds hardly make a sizeable portfolio of the working capital. With weak owned fund base, the borrowings of the cooperatives from the central financing agency are considerably conditioned. This has stood in the way of adequately meeting the credit requirements of the existing as well as new members.

2. Loans for productive purposes only:

The Cooperative Credit Societies do not cater to all the credit requirements of the farmers. They grant loans only for agricultural operations. Farmers approach the money-lenders to meet their other requirements. This divided allegiance to the co-operative society and the money-lender stands in the way of the growth of the cooperative movement.

3. Regional disparities:

There have been good deals of regional disparities pertaining to credit availability. The picture of credit availability in the Eastern states, tribal and hilly regions is simply dismal. Consequently, the farmers in these regions farm technology.

4. Lack of co-operation on the part of the people:

In the Indian context, most of the people are in the grip of illiteracy, ignorance and conservatism. They do not understand the significance of cooperation in their lives. Absence of willing cooperation on their part hinders the growth of cooperative movement.

5. Exploitation:

In the absence of proper marketing arrangements and functions at the level of Primary Agricultural Cooperative Societies, the rural poor falls prey to the mercy of middlemen who exploit the situation.

6. Defective management:

The cooperative credit structure is criticised on the ground that it is mostly managed by landlords and large farmers. Hence small and medium farmers do not get their fair share. They are often deprived of the assistance from the co-operative society.

7. Political interference:

Political interference acts as a formidable obstacle for the growth of cooperative movement. The co-operative societies have become the hot bed of politics in rural India. The selection of beneficiaries is mostly done on political considerations.

8. Problem of overdues:

Last but not least, the major problem of co-operative credit is ever-rising overdues. The performance on the recovery side has been dismal. 27 to 50 per cent of the overdues have been reported in respect of the Cooperative Credit Societies. Overdues also exist with respect to Central Co-operative Banks and Land Development Banks. Obviously, the high level of overdues hinders the process of recycling of credit.

Remedies for overcoming the Problems

Cooperative society means assistance of the society where a few people create a democratic institution voluntarily. Earning profit is not the main goal of cooperative society, rather prosperity of the members, ensuring the rights and dignity, develop, the worse situation, change the fate, believes, honesty, economic as well as increase the aides are the main goals of this society. The means of removing the problems are given below:

Minimization of corruption and nepotism: It should take fruitful steps to minimize the attitude of corruption and nepotism which creates surrounding the cooperatives society. That's why proper management procedure is necessary to develop the cooperative business.

Preparation of realistic plan: An effective plan should be formulated considering the reality for the cooperative society of the country. It is needed to determine where, how and how much it contributes to the national, central, and preliminary cooperative society. In what process cooperative runs smoothly, it should be determined under realistic plan also.

Providing incentive to the executives: The success of the cooperative society depends on the satisfaction and positive attitude of the executives. Proper incentives must be needed for motivating the executives in undeveloped and developing country. It should be understood that it is impossible to retain motivation without proper incentives.

Strengthening of training programs: The training program should be strengthened. Immensely in all sectors to accelerate the activities of the cooperative society. For that reason, supporting must be needed as well as NGOs.

Development of cooperative department: Cooperative department of the Govt. in which leads the cooperative movement of all kinds of bureaucracy, complexity must remove from this department for the betterment of the movement. That's the efficient persons should be appointed.

CONCLUSION

Mounting over dues in cooperative credit institutions, lack of mobilization of internal resources and over dependence on government assistance, lack of professional management, bureaucratic control and interference in the management, political interference and over-politicization have proved harmful to their growth. For the success of any developmental effort in the agricultural sector is to synergize with the efforts in the cooperative sector. Development of cooperative sector has many benefits. It will involve all sections of the society in development efforts. We can solve the problems faced by co-operative sector with the help of widespread publicity, providing proper incentive to the executives, by adopting better training programs etc.

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