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Higher Education for All

CO-OPERATIVE MANAGEMENT AND ADMINISTRATION

COURSE CODE: SGB24CM505ME

Bachelor of Commerce (Honours)
Major Discipline Specific Elective
Self Learning Material



SREENARAYANAGURU OPEN UNIVERSITY

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The State University for Education, Training and Research in Blended Format, Kerala

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Mission

To be benchmarked as a model for conservation and dissemination of knowledge and skill on blended and virtual mode in education, training and research for normal, continuing, and adult learners.

Pathway

Access and Quality define Equity.

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Co-operative Management and Administration

Course Code: SGB24CM505ME

Semester - V

Four Year Undergraduate Programme
Bachelor of Commerce (Honours)
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MESSAGE FROM VICE CHANCELLOR

Dear Learner,

It is with great pleasure that I welcome you to the Four Year BCom Programme offered by Sreenarayanaguru Open University.

Established in September 2020, our university aims to provide high-quality higher education through open and distance learning. Our guiding principle, 'access and quality define equity', shapes our approach to education. We are committed to maintaining the highest standards in our academic offerings.

Our university proudly bears the name of Sreenarayanaguru, a prominent Renaissance thinker of modern India. His philosophy of social reform and educational empowerment serves as a constant reminder of our dedication to excellence in all our academic pursuits.

The Four Year BCom Programme covers all relevant areas aligned with modern business practices and economic principles. We have incorporated the latest trends in commercial studies to ensure a comprehensive and up-to-date curriculum. Moreover, the programme encompasses flexible options for learners to choose from a range of Ability Enhancement Courses, Multi-disciplinary Courses, Value Added Courses, and Skill Enhancement Courses, complemented by discipline-oriented Advanced and Additional Advanced Courses.

Our teaching methodology combines three key elements: Self Learning Material, Classroom Counselling, and Virtual modes. This blended approach aims to provide a rich and engaging learning experience, overcoming the limitations often associated with distance education. We are confident that this programme will enhance your understanding of commercial principles and practices, preparing you for various career paths and further academic pursuits.

Our learner support services are always available to address any concerns you may have during your time with us. We encourage you to reach out with any questions or feedback regarding the programme.

We wish you success in your academic journey with Sreenarayanaguru Open University.

Best regards,



Dr. Jagathy Raj V.P.
Vice Chancellor
Sreenarayanaguru Open University

01-09-2026

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1

BLOCK

Co-operative Management

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Unit 1
Introduction

Learning Outcomes

After completing this unit, the learner will be able to:

- ◊ explain the concept and meaning of co-operation.
- ◊ identify the main features of co-operative organizations.
- ◊ describe the structural framework of co-operative institutions.
- ◊ analyze the role of management in achieving co-operative objectives.

Prerequisite

In a village, a group of farmers faced difficulties in purchasing seeds, fertilisers and other agricultural inputs. Individual farmers had limited bargaining power and often had to depend on private traders. They decided to form a co-operative society so that they could work together, purchase inputs in larger quantities and obtain better services. They elected representatives from among the members and divided responsibilities for managing the society. As the number of members and activities increased, they understood that working together alone was not enough. The society required proper planning, organising, staffing, directing and controlling to achieve its objectives. This situation helps learners understand the meaning and features of co-operative management, the structure of a co-operative organisation and the important role played by management in its successful functioning.

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Keywords

Co-operation, Democratic Management, Voluntary Membership

Discussion

1.1.1 Meaning

Co-operative management refers to the process of planning, organizing, directing, coordinating, and controlling the activities of a co-operative organization in accordance with co-operative principles and democratic values, with the objective of promoting the economic and social welfare of its members. Unlike conventional business management, which mainly aims at profit maximization, co-operative management is primarily concerned with service to members and collective development.

In a co-operative enterprise, ownership, control, and benefits rest with the members who use the services of the organization. Management is therefore carried out not only by professional executives but also by elected representatives of members. This dual character makes co-operative management unique. It combines professional efficiency with democratic governance, ensuring that business operations are conducted in a participatory, transparent, and accountable manner.

1.1.2 Definition

Several scholars and institutions have defined co-operative management in ways that highlight its distinctive nature. It is commonly defined as "the art and science of administering a co-operative organization in a democratic manner for the promotion of the economic and social interests of its members." This definition stresses both the technical and democratic aspects of management.

Peter Davis defines co-operative management as "the coordination of resources through democratic structures to meet members' needs efficiently and equitably." This definition underlines the importance of efficiency, equity, and democratic organization.

Thus, co-operative management may be understood as a system of administration in which management functions are performed with the active involvement of members and their representatives, guided by co-operative laws, rules, and principles. Its central purpose is not merely to run an enterprise but to promote collective welfare, protect members' interests, and contribute to social and economic development.

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1.1.3 Features of Co-operative Management

Co-operative management is a distinctive form of management that reflects the basic philosophy and principles of the co-operative movement. Unlike private and public enterprises, co-operatives are people-centred organizations established primarily to serve the economic and social needs of their members. The management system of co-operatives is therefore shaped by democratic values, mutual help, equality, and collective responsibility.

The following are the major features of co-operative management.

1. Democratic Control

Democratic control is the cornerstone of co-operative management. In a co-operative organization, each member enjoys equal voting rights regardless of the amount of capital contributed. This principle of "one member, one vote" ensures equality among members and prevents concentration of power in the hands of a few individuals. Major decisions are taken in the General Body meetings, where all members have the opportunity to express their views. The managing committee and office bearers are elected by the members and remain accountable to them. Democratic control promotes participation, transparency, and accountability in management and strengthens the spirit of co-operation.

2. Service-Oriented Objectives

The primary objective of co-operative management is to render service to members rather than to maximize profits. Co-operatives are established to provide goods, services, or credit at reasonable cost and on fair terms. Management decisions are therefore guided by members' needs and welfare. Profit is regarded only as a means to ensure financial stability and expansion, not as an end in itself. Surpluses are generally utilized for strengthening reserves, improving services, and distributing benefits equitably among members. This service orientation distinguishes co-operative management from commercial management.

3. Member Ownership and Control

In a co-operative enterprise, ownership and control rest with the members who use the services of the organization. Members contribute capital, participate in decision-making, and share the benefits of operations. The General Body represents the collective ownership of members, while the elected Board of Directors exercises control on their behalf. This close relationship between ownership, control, and use ensures that management policies reflect the real interests of the members and promotes a strong sense of belonging and responsibility.

4. Dual Economic and Social Character

Co-operative management possesses a dual character, combining economic efficiency with social responsibility. On the one hand, it aims at achieving financial viability, productivity, and competitiveness. On the other hand, it seeks to promote

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social objectives such as equity, mutual help, empowerment of weaker sections, and community development. Management must therefore strike a balance between commercial considerations and social commitments. This dual character makes co-operative management both challenging and socially significant.

5. Voluntary and Open Membership

Membership in co-operatives is voluntary and open to all eligible persons without discrimination on the basis of caste, creed, gender, or religion. Management must respect this principle and adopt inclusive policies. Voluntary membership ensures that members join the organization out of genuine interest and commitment. Open membership promotes diversity and broad participation, thereby strengthening the democratic foundation of the co-operative.

7. Autonomy and Independence

Co-operatives are autonomous and self-governing organizations controlled by their members. Even when they receive assistance from the government or external agencies, management must preserve their independence and democratic character. Autonomy enables co-operatives to frame their own policies, select their leaders, and manage their affairs according to members' interests. Independence strengthens institutional stability and resilience.

9. Transparency and Accountability

Transparency and accountability are essential features of co-operative management. Management is accountable to the members for its actions and decisions. Regular meetings, disclosure of information, audits, and annual reports ensure openness in operations and finances. Elected representatives and executives are answerable to the General Body. Accountability builds trust and strengthens the credibility of the co-operative.

10. Professional Management under Democratic Supervision

Modern co-operatives increasingly employ trained and qualified professionals to improve efficiency and competitiveness. These professionals handle technical and managerial functions such as finance, marketing, and operations. However, they function under the supervision and control of the elected Board of Directors. This arrangement ensures that professional efficiency is combined with democratic oversight and that management remains accountable to the members.

11. Education, Training, and Information Orientation

Co-operative management places great emphasis on education and training. Members, directors, and employees are educated about co-operative principles, rights, and responsibilities. Training programmes improve managerial skills, leadership qualities, and technical competence. Continuous education strengthens participation, improves governance, and enhances organizational performance. Information sharing also promotes transparency and informed decision-making.

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12. Social Responsibility and Community Orientation

Co-operatives function not only for their members but also for the welfare of the community. Management undertakes activities that promote employment, poverty alleviation, women empowerment, and rural development. Ethical business practices, environmental protection, and social inclusion are integral to co-operative management. This community orientation enhances the social relevance and developmental role of co-operatives.

13. Equitable Distribution of Surplus

The surplus generated by a co-operative is distributed in an equitable manner. A portion is transferred to reserves for strengthening the financial base, another portion is used for development and welfare activities, and the remaining is distributed among members. Management ensures fairness and compliance with statutory provisions in surplus distribution.

14. Legal and Institutional Framework

Co-operative management functions within a well-defined legal and institutional framework. Co-operative laws, rules, bye-laws, and regulatory authorities guide and supervise operations. Management must ensure compliance with these provisions while safeguarding autonomy. The legal framework provides stability, protection, and uniformity in governance.

1.1.4 Structure of Co-operative Organization and Management

The organizational structure of a co-operative society is designed to reflect its democratic character, member participation, and collective ownership. Unlike private enterprises where authority flows from capital ownership, the structure of a co-operative is based on the principle of "one member, one vote" and collective decision-making. The structure ensures that ultimate control remains with the members while professional managers handle day-to-day operations. A well-defined organizational and management structure is essential for efficient functioning, transparency, accountability, and achievement of the objectives of the co-operative.

Thus the structure of Co-Operative Organisations are democratic, member controlled entities structured around a General Body (Supreme authority) , elected Board Of Directors (Policy making) and professional management (Operational execution). They operate via bylaws, emphasising member equality (One member, One vote) and service over profit commonly structured in a three tier system (primary, central and state).

1.1.4.1 General Body

The General Body is the supreme authority in a co-operative organization. It consists of all members of the society and represents the collective ownership and democratic

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control of the co-operative. The General Body performs several important functions. It formulates broad policies and long-term objectives of the society. It approves the annual accounts, balance sheet, profit and loss statement, budget, and audit reports. It approves amendments to the bye-laws. Major decisions such as large investments are taken by the General Body. The General Body provides a forum for members to express their views, review performance, and hold the management accountable. It ensures that the co-operative functions in accordance with the interests and aspirations of the members.

1.1.4.2 Board of Directors

The Board of Directors is the executive authority elected by the General Body to manage the affairs of the co-operative on behalf of the members. The Board is responsible for formulating policies and strategies in line with the objectives set by the General Body. It prepares development plans, approves budgets, and sanctions major financial transactions. It appoints the Chief Executive and supervises his performance. The Board ensures compliance with co-operative laws, rules, and bye-laws and safeguards the assets and interests of the society. The Board acts as a link between the General Body and the management staff. It translates members' expectations into policies and provides guidance and direction to the executive management. Effective functioning of the Board is crucial for sound governance and stability of the co-operative.

1.1.4.3 President

The President is the head of the Board of Directors and occupies a position of leadership in the co-operative organization. The president presides over meetings of the General Body and the Board and ensures orderly conduct of discussions and decisions. He provides leadership and guidance to the Board and represents the co-operative in external forums such as conferences, meetings with government officials, and interactions with other institutions. He plays a vital role in maintaining harmony among directors and between the Board and the management staff. As the chief elected representative of the members, the president is expected to uphold co-operative values, protect members' interests, and ensure that the organization functions democratically and efficiently.

1.1.4.4 Chief Executive / Manager / Secretary

The Chief Executive, often designated as Manager, Secretary, or Managing Director, is the principal executive officer responsible for the day-to-day administration of the co-operative. He implements the policies and decisions of the Board and manages the routine operations of the organization. His functions include planning operational activities, supervising staff, maintaining accounts and records, preparing budgets and reports, and ensuring compliance with legal and regulatory requirements. He represents the co-operative before government authorities, banks, and other agencies as authorized by the Board. The Chief Executive acts as a bridge between policy-making and execution. His efficiency, integrity, and leadership qualities greatly influence the performance and reputation of the co-operative.

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1.1.4.5 Departments and Functional Units

Depending on the size and nature of the co-operative, the organization may be divided into various departments or functional units such as finance, marketing, production, procurement, human resources, and member services. Each department is headed by a departmental manager or officer who is responsible for specific functions. The finance department handles accounting, budgeting, and audits. The marketing department manages sales, distribution, and customer relations. The production department supervises manufacturing or processing activities. The human resource department handles recruitment, training, and employee welfare. These departments operate under the overall supervision of the Chief Executive and the Board. Specialization and division of work improve efficiency and coordination.

1.1.4.6 Committees and Sub-Committees

To facilitate effective governance and management, co-operatives often constitute various committees and sub-committees.Common committees include audit committee, finance committee, credit committee, education and training committee, and disciplinary committee. These committees examine specific issues, make recommendations to the Board, and assist in specialized decision-making. Committees enhance participation, distribute workload, and improve the quality of decisions.

1.1.4.7 Employees and Staff

Employees and staff form the operational backbone of the co-operative organization. They perform routine tasks, provide services to members, and implement management decisions. Staff members are recruited on the basis of qualifications and experience and are governed by service rules and regulations. Management ensures proper training, fair remuneration, and conducive working conditions. Efficient and motivated staff contribute significantly to the success of the co-operative.

1.1.5 Multi-Tier Structure of Co-operative Movement

In many countries, particularly in India, the co-operative movement follows a multi-tier structure for better coordination and support. At the grassroots level, primary co-operatives operate in villages, towns, or local areas to provide direct services to members. At the intermediate level, district or central co-operatives coordinate the activities of primary societies, provide financial assistance, and offer technical guidance. At the apex level, state and national federations represent the co-operative sector, formulate policies, and provide training and marketing support. This tiered structure promotes integration, resource sharing, and balanced development of the co-operative movement.

1.1.6 Role of Regulatory and Supervisory Authorities

Co-operative organizations function within a legal and regulatory framework. Registrars of Co-operative Societies and other supervisory authorities register societies,

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approve bye-laws, conduct inspections and audits, and ensure compliance with laws. While regulation provides protection and discipline, excessive control may hamper autonomy. A balanced relationship between autonomy and regulation is essential for healthy co-operative development.

1.1.7 Role of Management in Co-operatives

Management plays a crucial role in the success and sustainability of co-operative organizations. Unlike other business enterprises, co-operatives function on the principles of democracy, mutual help, and service to members. Management in co-operatives is therefore expected to combine professional efficiency with democratic values and social responsibility. The role of management extends beyond routine administration to include leadership, member development, governance, and community welfare.

Policy Formulation and Planning

One of the primary roles of management in co-operatives is policy formulation and planning. Management identifies the needs and expectations of members and frames objectives accordingly. It prepares short-term and long-term plans for growth, expansion, and diversification. Sound planning ensures proper utilization of resources and provides a clear direction for the organization. Through systematic planning, management helps the co-operative adapt to changing economic and social conditions.

Organization and Resource Mobilization

Management organizes various resources required for the functioning of the co-operative. It mobilizes financial resources by collecting share capital, deposits, and borrowings. It arranges physical resources such as buildings, equipment, and technology. Human resources are organized through recruitment, placement, and training of employees. Proper organization ensures efficiency, coordination, and smooth functioning of operations.

Leadership and Direction

Management provides leadership and direction to the co-operative. Elected representatives and executives guide members and employees towards achieving organizational objectives. Leadership involves motivating members, building confidence, promoting unity, and resolving conflicts. Effective leadership strengthens trust, encourages participation, and ensures stability of the organization. In co-operatives, leadership must be democratic, participatory, and value-oriented.

Member Education and Participation

A distinctive role of management in co-operatives is to promote member education and participation. Management organizes training programmes, meetings, and awareness campaigns to educate members about co-operative principles, rights, and responsibilities. It encourages active participation in meetings, elections, and decision-making. Educated and involved members contribute positively to governance and strengthen the democratic foundation of the co-operative.

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Financial Management

Financial management is a vital function of co-operative management. It involves budgeting, accounting, auditing, and financial control. Management ensures proper collection and utilization of funds, maintenance of accurate records, and prevention of misuse of resources. It decides on allocation of surplus for reserves, development activities, and patronage refunds. Sound financial management ensures stability, solvency, and credibility of the organization.

Operational Management

Management is responsible for efficient conduct of day-to-day operations. It supervises production, procurement, marketing, and service delivery activities. It adopts modern technology and improved practices to enhance productivity and quality. Management monitors performance, identifies inefficiencies, and takes corrective measures. Efficient operations improve competitiveness and member satisfaction.

Human Resource Management

In co-operatives, employees and members are valuable assets. Management recruits competent staff, provides training, ensures fair wages and incentives, and maintains healthy working conditions. It promotes teamwork, discipline, and motivation. Effective human resource management enhances efficiency, reduces turnover, and builds a committed workforce.

Governance and Legal Compliance

Management plays a key role in ensuring good governance and legal compliance. It conducts meetings of the General Body and Board regularly, maintains statutory records, and submits reports and returns to regulatory authorities. It ensures adherence to co-operative laws, rules, and bye-laws. By maintaining transparency and accountability, management protects the integrity and reputation of the co-operative.

Promotion of Social and Community Development

Beyond economic objectives, management contributes to social and community development. It undertakes activities that generate employment, alleviate poverty, empower weaker sections, and promote rural development. Management encourages ethical practices, environmental protection, and social inclusion. Through these activities, co-operatives become instruments of inclusive and sustainable development.

Thus Cooperative management plays a vital role in ensuring the effective functioning and sustainability of cooperative organizations. It blends professional management practices with democratic principles such as equality, mutual help, and member participation. By focusing on transparency, accountability, and collective decision-making, cooperative management helps in achieving both economic efficiency and social welfare.

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Recap

- ◊ Democratic control is the cornerstone of co-operative management
- ◊ The primary objective of co-operative management is to render service to members
- ◊ Co-operative management possesses a dual character, combining economic efficiency with social responsibility
- ◊ The surplus generated by a co-operative is distributed in an equitable manner
- ◊ The General Body is the supreme authority in a co-operative organization
- ◊ The Board of Directors is the executive authority elected by the General Body
- ◊ The President is the head of the Board of Directors and occupies a position of leadership in the co-operative organization
- ◊ Management provides leadership and direction to the co-operative

Objective Questions

1. What type of membership exists in co-operatives?
2. What is the primary motive of co-operatives?
3. Who controls co-operative societies?
4. What principle governs voting rights
5. What body manages daily affairs
6. What ensures transparency in cooperative sector
7. What ensures member awareness?
8. Which is the supreme authority in a co-operative organization?

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Answers

1. Voluntary membership
2. Service to members
3. Members democratically
4. One member one vote
5. Managing Committee
6. Democratic management
7. Education and training
8. The General Body

Self-assessment Questions

1. What do you understand by co-operation?
2. Explain the definitions of co-operative organization.
3. List and explain the features of co-operatives.
4. Describe the structure of co-operative organizations.
5. What is the role of the Managing Committee?
6. How does democratic management function in co-operatives?
7. Explain the service motive of co-operatives.
8. Why is management important in co-operatives?
9. How do co-operatives differ from other business organizations?
10. Explain the role of co-operatives in economic development.

Assignments

1. Explain the concept and importance of co-operation in modern society.
2. Describe the main features of co-operative organizations.
3. Draw and explain the structure of co-operative organization.

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4. Discuss the role of management in co-operatives.
5. Compare co-operative management with private management.

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Unit 2
Democratic Management

Learning Outcomes

After completing this unit, learners will be able to:

- ◊ explain the concept and importance of democratic management in co-operative organizations.
- ◊ distinguish between direct and indirect democracy and their application in co-operatives.
- ◊ identify internal and external problems affecting democratic functioning in co-operatives.
- ◊ analyse the role of competition, conflict, and co-operation in the social process of co-operatives.
- ◊ assess the associative character of co-operatives and the managerial approaches used to manage co-operative associations effectively.

Prerequisite

Consider a consumer co-operative society where members have different opinions about opening a new branch. Some members support the proposal because it may provide better services, while others are concerned about the cost involved. The matter is discussed in a meeting and members are given an opportunity to express their views. The final decision is taken according to the rules of the society and the members accept the decision. In a co-operative, members may have different interests and disagreements may occur between individuals, groups or the society and outside organisations. Such differences have to be managed through discussion, participation and co-operation. This situation helps learners understand democratic management, direct and indirect democracy, internal and external problems, conflict, competition, co-operation and the associative character of a co-operative.

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Keywords

Democratic Management, Associative Character, Direct and indirect democracy, Conflict and co-operation

Discussion

1.2.1 Introduction

Democratic management is the foundation of the co-operative movement and reflects its core principles of equality, participation, and collective control. In a co-operative organization, management is not concentrated in the hands of a few individuals but is exercised by the members themselves through democratic institutions such as the General Body and elected committees. While democratic management strengthens participation and accountability, co-operatives often face several internal and external problems that affect their efficiency, stability, and growth. Understanding democratic management and the problems faced by co-operatives is essential for improving governance and performance.

1.2.2 Democratic Management

Democratic management in co-operatives is based on the principle of "one member, one vote," irrespective of the amount of capital contributed. This principle ensures equality among members and prevents domination by wealthy or powerful individuals. The General Body, consisting of all members, is the supreme authority and exercises ultimate control over policies, leadership, and major decisions. The Board of Directors or Managing Committee, elected by the General Body, carries out executive functions on behalf of the members.

Democratic management encourages active participation of members in decision-making. Members attend meetings, express their views, elect representatives, and review the performance of management. Such participation promotes transparency, accountability, and collective ownership of decisions. Leaders are accountable to the members and can be removed if they fail to perform their duties effectively. This accountability strengthens trust and integrity in governance.

Another important aspect of democratic management is decentralization of authority. Powers and responsibilities are distributed among different bodies such as the General Body, Board, committees, and office bearers. This prevents concentration of power and promotes balanced decision-making. Democratic management also fosters leadership development among members by providing opportunities to participate in governance and administration.

Democratic management requires informed and active members. Education and training are therefore essential to enable members to understand their rights, duties, and the functioning of the co-operative. Without proper awareness and participation, democratic institutions may become ineffective or dominated by a few individuals.

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1.2.3 Internal Problems

Internal problems arise from within the co-operative organization and are largely related to management, membership, and operations. One major internal problem is lack of member participation. Many members remain passive and do not attend meetings or take interest in governance. This weakens democratic control and allows a small group to dominate decision-making. Another problem is inadequate managerial and technical competence. Elected representatives may lack professional skills and experience, leading to inefficient administration and poor decision-making.

Conflict among members, directors, and employees is another serious internal problem. Differences in interests, opinions, and expectations may lead to disputes, factionalism, and groupism. Such conflicts disturb harmony and adversely affect performance. Financial mismanagement and weak internal controls also pose significant challenges. Poor accounting practices, misuse of funds, and delayed audits reduce financial stability and credibility.

Political interference is another internal issue in many co-operatives. Leaders may use the organization for personal or political gains, resulting in favoritism, corruption, and erosion of democratic values. Inadequate training and lack of awareness about co-operative principles further weaken governance and participation.

Thus internal problems include :

1. slow decision-making,
2. conflict
3. manager burnout
4. low morale (if ideas ignored)
5. lack of expertise
6. crisis ineffectiveness

1.2.4 External Problems

External problems originate from outside the co-operative and are related to the environment in which it operates. One major external problem is excessive government control and regulation. While regulation is necessary for discipline and protection, undue interference restricts autonomy and initiative. Frequent changes in policies, rules, and leadership imposed by authorities create uncertainty and instability. Competition from private and public enterprises poses another serious challenge. Private firms often have greater capital, advanced technology, and professional management, making it difficult for co-operatives to compete effectively. Market fluctuations, price instability, and changing consumer preferences also affect the performance of co-operatives.

Limited access to finance and technology is another external problem. Co-operatives often face difficulties in raising capital and adopting modern technology due to limited resources and risk aversion. Natural calamities, economic recessions, and policy changes further increase uncertainty and vulnerability.

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Thus external problems include :

1. fast-paced competition,
2. rigid regulations,
3. immediate crisis demands,
4. rapid technological change,
5. high-stakes stakeholder pressure

1.2.5 Democracy

Democracy is a system of governance in which power ultimately rests with the people. It ensures participation, equality, and accountability in decision-making. In organizational and political contexts, democracy may be practiced either in a direct form or in an indirect (representative) form. Both forms aim at reflecting the will of the people, but they differ in their methods of participation, decision-making, and administration. In co-operatives and other democratic institutions, understanding the distinction between direct and indirect democracy is essential for effective governance.

1.2.5.1 Direct Democracy

Direct democracy is a form of democracy in which all members or citizens participate personally and directly in decision-making. Instead of electing representatives, individuals themselves discuss issues, vote on proposals, and take collective decisions.

The chief characteristic of direct democracy is immediate participation. Every member has the right to attend meetings, express opinions, propose resolutions, and vote on all matters. Decision-making is transparent and collective, and there is no intermediary between the people and authority. This promotes equality, openness, and a strong sense of ownership among participants.

In co-operative organizations, direct democracy is commonly practiced in small primary societies. The General Body meeting, where all members assemble to approve policies, budgets, and leadership, is an example of direct democracy. Through such meetings, members exercise direct control over the affairs of the society.

Direct democracy has certain limitations. It becomes impractical when the number of participants is large or when issues are complex and technical. Frequent meetings may be time-consuming and costly. Many members may lack the knowledge or interest required for effective participation. As a result, decision-making may become slow, inefficient, or dominated by vocal individuals.

1.2.5.2 Indirect Democracy

Indirect democracy, also known as representative democracy, is a system in which people elect representatives to act on their behalf in decision-making. Instead of participating directly in every issue, members choose leaders or delegates who deliberate, formulate policies, and administer affairs in their interest.

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The main feature of indirect democracy is representation. Members elect a managing committee, board of directors, or governing body to manage the organization. These representatives are accountable to the electorate and can be replaced through elections. Indirect democracy is widely practiced in modern states, large organizations, and higher-level co-operative institutions.

In co-operatives, indirect democracy operates through elected Boards and committees. While the General Body retains supreme authority, day-to-day management and policy decisions are entrusted to representatives. This system ensures continuity, efficiency, and professional administration. It allows complex matters to be handled by trained and experienced individuals.

Indirect democracy also faces certain drawbacks. Representatives may become disconnected from the members and pursue personal or political interests. Weak accountability and low member participation may lead to concentration of power. If elections are influenced by money, politics, or factionalism, democratic values may be undermined.

Direct democracy emphasizes maximum participation and immediate control, while indirect democracy emphasizes efficiency and representation. Direct democracy is suitable for small organizations with simple issues, whereas indirect democracy is necessary for large and complex institutions.

In co-operative management, both forms are complementary. The General Body exercises direct democracy by approving major decisions, while the elected Board practices indirect democracy by managing routine affairs. A balance between the two ensures both participation and efficiency.

1.2.6 Democracy in Co-operatives

Democracy is the cornerstone of the co-operative movement and distinguishes co-operatives from other forms of business organizations. The principle of democratic control ensures that co-operatives are owned and governed by their members, who are both users and beneficiaries of the organization. Unlike private enterprises where control depends on capital ownership, co-operatives follow the principle of "one member, one vote," thereby promoting equality, participation, and collective decision-making. Democracy in co-operatives strengthens accountability, transparency, and member involvement, which are essential for sustainable development.

1.2.6.1 Meaning and Concept

Democracy in co-operatives refers to the system of governance in which members exercise control over the affairs of the organization through democratic institutions and processes. Every member, irrespective of the amount of capital contributed, has an equal right to vote and participate in decision-making. Members collectively determine policies, elect representatives, review performance, and hold leaders accountable. This democratic structure reflects the co-operative values of equality, self-help, and mutual responsibility.

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1.2.6.2 Democratic Institutions

The General Body is the supreme authority in a co-operative society and consists of all members. It represents direct democracy and exercises ultimate control over major decisions such as election of the Board, approval of accounts and budgets, amendment of bye-laws, and distribution of surplus. Through General Body meetings, members express their views, debate issues, and shape the future of the organization.

The Board of Directors or Managing Committee represents indirect democracy. It is elected by the General Body to manage the affairs of the co-operative on behalf of the members. The Board formulates policies, supervises operations, appoints executives, and ensures compliance with laws and bye-laws. Office bearers such as the President and Secretary provide leadership and coordination.

Principles Underlying Democracy in Co-operatives

The principle of "one member, one vote" ensures equality and prevents domination by wealthy members. Voluntary and open membership promotes inclusiveness and diversity. Autonomy and independence protect democratic governance from external interference. Participation encourages members to take active interest in governance and administration. Accountability ensures that elected representatives remain answerable to the members.

1.2.6.3 Advantages of Democratic Management

Democracy in co-operatives promotes participation and collective ownership of decisions. Members feel a sense of belonging and responsibility towards the organization. Transparency and accountability reduce the risk of corruption and misuse of power. Democratic governance also encourages leadership development among members and strengthens social cohesion and trust.

1.2.6.4 Challenges to Democracy in Co-operatives

Despite its strengths, democracy in co-operatives faces several challenges. Many members remain passive and do not participate actively in meetings and elections. Lack of education and awareness about co-operative principles weakens democratic functioning. Political interference and factionalism distort elections and decision-making. In large co-operatives, effective participation becomes difficult, and control may concentrate in the hands of a few individuals. Conflicts among members and leaders further undermine harmony and efficiency.

1.2.7 Measures to Strengthen Democracy

To strengthen democracy in co-operatives, continuous education and training of members and leaders are essential. Transparent procedures, regular elections, and effective auditing improve accountability. Professional management under democratic supervision enhances efficiency without undermining participation. Limiting political interference and encouraging youth and women participation also strengthen democratic governance.

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Managing the Social Process in a Co-operative

A co-operative is not merely an economic organization but also a social institution based on human relationships, mutual trust, and collective effort. The success of a co-operative depends not only on sound financial and administrative management but also on effective management of the social process. Managing the social process means guiding and harmonizing the interactions, attitudes, values, and relationships among members, leaders, and employees to achieve common objectives. Since co-operatives are democratic and participatory organizations, proper management of social relations is essential for unity, stability, and sustainable development.

Nature of the Social Process in Co-operatives

The social process in a co-operative includes communication, cooperation, leadership, participation, conflict resolution, and development of mutual understanding among members. Members come from diverse social, economic, and cultural backgrounds and possess different expectations and interests. Managing these differences in a constructive manner is necessary to maintain harmony and collective functioning.

Unlike private enterprises where authority is hierarchical, co-operatives emphasize equality, participation, and collective responsibility. Therefore, management must focus on building consensus, encouraging dialogue, and strengthening interpersonal relations rather than relying solely on authority and control.

1.2.7 Role of Leadership in Managing the Social Process

Leadership plays a vital role in managing the social process in a co-operative. Leaders must inspire confidence, promote unity, and uphold co-operative values such as honesty, cooperation, and service. Democratic leadership encourages participation, respects diverse opinions, and resolves conflicts through dialogue and consensus. Leaders are expected to act as mediators between different groups, protect the interests of weaker sections, and prevent domination by powerful members. By setting a positive example, leaders help create an atmosphere of trust and mutual respect.

Communication and Participation

Effective communication is the foundation of a healthy social process. Management must ensure free flow of information among members, directors, and employees. Regular meetings, discussions, and reporting systems promote transparency and understanding.

Participation is equally important. Members should be encouraged to attend meetings, express views, and take part in decision-making. Active participation strengthens democratic control, enhances commitment, and promotes collective ownership of decisions. When members feel heard and respected, cooperation and loyalty increase.

Conflict Management and Cooperation

Conflicts are natural in any organization, especially in democratic institutions where diverse opinions exist. In co-operatives, conflicts may arise due to differences in interests, leadership rivalry, political influence, or resource allocation. Managing the

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social process involves resolving conflicts amicably through dialogue, mediation, and consensus-building. Management should avoid authoritarian methods and encourage peaceful settlement of disputes. At the same time, it must promote cooperation by emphasizing common goals, mutual benefits, and collective responsibility.

Education and Value Development

Education and training play a crucial role in managing the social process. Members, directors, and employees must be educated about co-operative principles, rights, and duties. Awareness programmes develop democratic attitudes, discipline, and respect for collective decisions. Value development is equally important. Management must promote values such as honesty, mutual help, equality, tolerance, and social responsibility. These values strengthen ethical conduct and prevent misuse of power, corruption, and factionalism.

Integration of Social and Economic Objectives

Managing the social process also involves balancing social and economic objectives. While efficiency and profitability are necessary for survival, equal importance must be given to social welfare, equity, and member satisfaction. Management should ensure fair distribution of benefits, protection of weaker sections, and promotion of inclusive growth. By integrating social and economic goals, co-operatives can achieve sustainable development and maintain their distinctive character.

1.2.8 Conflict and Co-operation

While cooperation is the core strength of the cooperative sector, conflict is also a natural and recurring element in cooperative organizations. Understanding both conflict and cooperation is essential for effective cooperative management and long-term sustainability.

Co-operation in the cooperative sector refers to the spirit of collective action where members work together toward shared objectives. Members pool their resources, share risks, and distribute benefits equitably. Decision-making is typically democratic, following the "one member, one vote" principle. Cooperation enables small producers, consumers, workers, or farmers to gain bargaining power, reduce costs, improve market access, and ensure fair returns. It promotes trust, transparency, and participation. Internal cooperation is reflected in member participation, shared responsibilities, and adherence to cooperative values. External cooperation also exists when cooperatives collaborate with other cooperatives, federations, or institutions for finance, marketing, and training. This inter-cooperative cooperation strengthens the sector as a whole.

Conflict arises when there are differences in interests, expectations, values, or perceptions among members, management, and the board. Conflict in cooperatives may occur due to unequal participation, perceived unfair distribution of surplus, leadership struggles, lack of transparency, political interference, or poor communication. Conflict may develop between professional managers and elected directors over control and policy decisions. Financial stress, loan defaults, or operational losses can further intensify internal disputes.

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Conflicts are not always harmful; when properly managed, they can lead to better decisions and stronger governance. Constructive conflict encourages debate, reveals hidden problems, and improves accountability. It pushes the organization to clarify rules, strengthen systems, and enhance communication. The danger arises when conflict becomes personal, prolonged, or politically motivated, leading to factionalism, reduced trust, and operational paralysis.

The balance between conflict and cooperation determines the health of a cooperative institution. Too little disagreement may lead to groupthink and poor oversight, while too much conflict can damage unity and performance. Successful cooperatives encourage cooperative behavior while providing structured ways to address conflict.

1.2.9 Associative Character of a Co-operative and Managing a Co-operative Association

A co-operative is fundamentally an association of persons united voluntarily to meet their common economic, social, and cultural needs through a jointly owned and democratically controlled enterprise. Unlike other business organizations that are capital-centred, co-operatives are people-centred institutions based on association, mutual help, and collective responsibility. The associative character of a co-operative refers to its nature as a voluntary organization formed by individuals who come together for a common purpose. Managing such an association requires special skills to balance democratic participation, social relations, and economic efficiency.

1.2.9.1 Associative Character of a Co-operative

The associative character of a co-operative lies in the fact that it is primarily an association of persons rather than a collection of capital. Membership is voluntary and open to all eligible individuals who are willing to accept the responsibilities of membership. The basis of association is common need and mutual interest rather than profit motive.

One important feature of the associative character is equality among members. Each member has equal voting rights irrespective of the amount of capital contributed. This principle ensures democratic control and prevents domination by wealthy members. Members collectively own the organization and participate in governance through the General Body and elected committees.

Another aspect of the associative character is mutual help and cooperation. Members pool their resources, share risks, and work together to achieve common objectives. The spirit of self-help and collective effort strengthens unity and solidarity. The association promotes trust, loyalty, and long-term commitment among members.

The associative character also emphasizes social objectives. Co-operatives aim not only at economic benefits but also at social welfare, empowerment of weaker sections, and community development. The organization functions as a social institution that fosters ethical values, social justice, and inclusive growth.

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Participation is central to the associative character. Members actively take part in meetings, discussions, elections, and decision-making. Through participation, members develop leadership qualities, managerial skills, and democratic attitudes. This participatory nature distinguishes co-operatives from hierarchical business organizations.

1.2.9.2 Managing a Co-operative Association

Managing a co-operative association is a complex task because it involves managing both economic activities and human relationships. The manager and elected leaders must ensure efficiency while preserving democratic values and associative spirit.

One important aspect of management is promoting participation and communication. Regular meetings, open discussions, and transparent reporting encourage members to express their views and take interest in governance. Effective communication builds trust, reduces misunderstandings, and strengthens unity.

Leadership plays a vital role in managing the association. Democratic leaders must inspire confidence, promote cooperation, and act impartially. They should mediate conflicts, protect the interests of weaker members, and prevent domination by powerful groups. Ethical leadership strengthens credibility and institutional integrity.

Conflict management is another important responsibility. Differences in opinions, interests, and expectations may lead to disputes among members or leaders. Management must resolve conflicts through dialogue, negotiation, and consensus-building. Authoritarian methods should be avoided, as they undermine democratic principles and associative spirit.

Education and training are essential for effective management. Members, directors, and employees should be educated about co-operative principles, rights, and duties. Training programmes improve managerial competence, leadership skills, and understanding of democratic processes. An informed membership strengthens governance and accountability.

Managing a co-operative association also involves integrating social and economic objectives. Management must ensure financial viability, productivity, and quality of services while promoting equity, welfare, and inclusion. Fair distribution of benefits, protection of weaker sections, and social responsibility enhance member satisfaction and loyalty.

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Recap

- ◊ Democratic management means members take part in decisions.
- ◊ Co-operatives follow the rule of one member, one vote.
- ◊ Members choose representatives to manage daily work.
- ◊ The general body has the highest authority.
- ◊ Conflicts are solved through discussion and understanding.
- ◊ Members help each other through co-operation.
- ◊ Competition is managed in a healthy way.
- ◊ Co-operatives focus on social responsibility.
- ◊ All members work for common goals.
- ◊ A co-operative is a voluntary association of people.

Objective Questions

1. What is the basic principle of co-operative management?
2. Who is the supreme authority in a co-operative?
3. What type of democracy involves members directly?
4. What type of democracy works through representatives?
5. Who elects the managing committee?
6. What principle promotes mutual help?
7. What problem originates within the society?
8. What body makes major policy decisions?

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Answers

1. Democracy
2. General Body
3. Direct
4. Indirect
5. Members
6. Cooperation
7. Internal
8. General Body

Self-assessment Questions

1. What is meant by democratic management in co-operatives?
2. How does the principle of one member–one vote support democracy?
3. What is the difference between direct and indirect democracy?
4. Why is the General Body considered the supreme authority?
5. What are the major internal problems of co-operative management?
6. What external problems affect the democratic functioning of co-operatives?
7. How does competition influence co-operative organizations?
8. What causes conflict among members in a co-operative?
9. How does co-operation help in resolving conflicts?
10. What is meant by the associative character of a co-operative?

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Assignments

1. Compare direct democracy and indirect democracy with examples from co-operatives.
2. Describe the role of the General Body in ensuring democratic control.
3. Analyse the internal problems faced by co-operatives in practicing democracy.
4. Examine the impact of external forces on co-operative management.
5. Discuss the social process involved in managing a co-operative organization.

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Unit 3
Decision making in Co-operatives

Learning Outcomes

After completing this unit, learners will be able to:

- ◊ explain different types of managerial decisions.
- ◊ distinguish between strategic, tactical, and operational decisions.
- ◊ identify programmed and non-programmed decisions.
- ◊ analyse individual and group decision making.
- ◊ describe the steps involved in co-operative decision making.

Prerequisite

A dairy co-operative notices that the quantity of milk supplied by its members has increased considerably. The existing milk collection centre is becoming too small, and the managing committee has to decide what should be done. The committee considers different alternatives, such as expanding the existing centre, opening another collection centre or improving the collection system. It collects relevant information, considers the cost and possible benefits of each alternative and then selects the most suitable option. This simple situation shows that managers of co-operatives have to take decisions regularly. It helps learners understand the concept of decision making, different types of decisions and the main steps involved in the decision-making process.

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Keywords

Strategic Decisions, Operational Decisions, Programmed Decisions, Democratic Process

Discussion

1.3.1 Concept of Decision Making

Decision making is one of the most important functions of management and forms the core of managerial activity. Every organization exists and operates through a continuous process of making choices among alternative courses of action. A decision may be defined as a conscious and deliberate choice made by an individual or a group to select the most appropriate alternative in order to achieve a specific objective. In management, decision making determines policies, plans, strategies, and day-to-day operations.

The concept of decision making involves identifying a problem or opportunity, analyzing available information, developing alternative solutions, evaluating their consequences, and selecting the best possible option. It is a rational and systematic process aimed at reducing uncertainty and achieving organizational goals efficiently.

The concept also recognizes that decision making is both a scientific and an artful process. It involves the use of logic, analysis, and quantitative techniques, as well as judgment, experience, and intuition. In real-life situations, decisions are often made under conditions of risk and uncertainty, where complete information is not available. Therefore, managers must balance rational analysis with practical wisdom. Decision making may be individual or group-based. Individual decisions are faster and clearer in responsibility, while group decisions benefit from collective knowledge, diverse perspectives, and democratic participation. However, group decisions may be time-consuming and prone to conflicts.

1.3.2 Types of Decisions

Decision making is a central function of management and plays a vital role in determining the success of an organization.

1.3.2.1 Strategic and Tactical Decisions

Strategic decisions are long-term and fundamental decisions taken by top-level management. They relate to the overall objectives, policies, and direction of the organization. Examples include decisions regarding expansion, diversification, mergers, and adoption of new technologies. These decisions have far-reaching consequences and shape the future of the organization.

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Tactical decisions are taken by middle-level management to implement strategic plans. They relate to departmental objectives, resource allocation, and coordination of activities. Examples include decisions on production schedules, marketing strategies, and staffing plans. Tactical decisions translate strategic goals into operational actions.

1.3.2.2 Operational Decisions

Operational decisions are routine and repetitive decisions taken by lower-level management. They relate to day-to-day activities such as assigning work, scheduling shifts, approving leave, and handling customer complaints. These decisions are short-term in nature and aim at ensuring smooth functioning of operations.

1.3.2.3 Programmed and Non-Programmed Decisions

Programmed decisions are routine decisions made according to established rules, procedures, and policies. They are repetitive and predictable in nature. Examples include granting routine discounts, processing orders, and approving standard expenses. Such decisions can often be delegated or automated. Non-programmed decisions are unique, novel, and unstructured decisions that require creative thinking and judgment. They arise in unusual situations such as entering a new market, handling a crisis, or introducing a new product. These decisions are usually taken by top management and involve greater risk and uncertainty.

1.3.2.4 Individual and Group Decisions

Individual decisions are made by a single manager and are characterized by speed and clarity of responsibility. They are suitable for routine and urgent matters. Group decisions are made by a committee, team, or board. They benefit from diverse knowledge, experience, and perspectives and are common in policy and strategic matters. They may be time-consuming and may involve conflicts and compromises.

1.3.2.5 Policy and Administrative Decisions

Policy decisions establish guidelines and principles for future actions. They are long-term in nature and provide a framework for decision making. Examples include human resource policies, credit policies, and pricing policies.

Administrative decisions relate to the execution of policies and routine administration. They are concerned with organizing, staffing, and supervising activities.

1.3.2.6 Decisions under Certainty, Risk, and Uncertainty

Decisions under certainty are made when outcomes are known and predictable. Decisions under risk are made when probabilities of outcomes can be estimated. Decisions under uncertainty are made when outcomes are unpredictable and information is incomplete. Most managerial decisions fall under risk and uncertainty.

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1.3.3 Steps in Co-operative Decision Making

Decision making in co-operatives has a distinctive character because it is based on democratic principles, collective participation, and member welfare. Unlike private enterprises where decisions are often centralized, co-operative decisions are taken through participatory institutions such as the General Body, Board of Directors, and committees. The objective of co-operative decision making is not only efficiency but also equity, transparency, and acceptance by members. The decision-making process in co-operatives therefore follows systematic steps that combine rational analysis with democratic consultation.

1. Identification of the Problem or Issue

The first step in co-operative decision making is identifying the problem, need, or opportunity that requires action. Issues may arise from operational difficulties, member demands, financial constraints, or policy changes. The problem is usually brought to the notice of the management by members, employees, committees, or auditors. Proper identification of the issue ensures that the decision addresses the real concern of the co-operative.

2. Collection of Information and Consultation

After identifying the problem, relevant information is collected from internal records, reports, financial statements, and external sources. In co-operatives, consultation plays an important role at this stage. This participatory approach enhances transparency and builds consensus.

3. Formulation of Alternative Solutions

In this step, possible courses of action are identified. Committees or working groups may be formed to study the issue and propose alternatives. Brainstorming and discussion help generate multiple options. The objective is to consider all feasible solutions rather than rushing to a single conclusion. Availability of alternatives improves the quality of decision making.

4. Evaluation of Alternatives

Each alternative is evaluated in terms of feasibility, cost, benefits, risks, and consistency with co-operative principles and bye-laws. Management examines the impact of each option on members, finances, operations, and long-term objectives. Democratic discussion and debate in the Board or General Body help assess the merits and limitations of each alternative.

5. Decision through Democratic Process

The most distinctive step in co-operative decision making is decision through democratic procedures. Depending on the nature of the issue, decisions may be taken by the Board of Directors, committees, or the General Body. Voting, consensus, or majority opinion is used to finalize the decision. The principle of "one member, one vote" ensures equality and legitimacy. This step ensures that decisions reflect the collective will of the members.

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6. Communication of the Decision

Once a decision is taken, it must be communicated clearly to all concerned persons such as members, employees, and stakeholders. Proper communication ensures understanding, acceptance, and cooperation in implementation. Notices, circulars, meetings, and reports are commonly used for this purpose.

7. Implementation of the Decision

Implementation involves putting the decision into action. Responsibilities are assigned, resources are allocated, and procedures are established. The Chief Executive and staff carry out the decision under the supervision of the Board. Effective coordination and monitoring are essential to ensure smooth execution.

8. Follow-up and Evaluation

The final step is to review and evaluate the results of the decision. Management compares actual performance with expected outcomes and identifies deviations. Feedback is obtained from members and employees. If necessary, corrective measures are taken or decisions are revised. This step improves accountability and future decision-making.

Recap

- ◊ Decision making is a core function of management.
- ◊ Decision making reduces uncertainty.
- ◊ Managers use logic and judgment.
- ◊ Decisions may be long-term or short-term.
- ◊ Strategic decisions shape the future.
- ◊ Tactical decisions implement strategies.
- ◊ Operational decisions handle daily work.
- ◊ Programmed decisions are routine.
- ◊ Non-programmed decisions are unique.
- ◊ Decisions can be individual or group-based.
- ◊ Group decisions encourage participation.
- ◊ Policy decisions provide guidelines.

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Objective Questions

1. What function forms the core of management?
2. Who takes strategic decisions?
3. What decisions implement strategies?
4. What decisions deal with daily activities?
5. What are routine decisions called?
6. Who usually makes operational decisions?
7. What principle ensures equality in co-operatives?

Answers

1. Decision making.
2. Top-level management.
3. Tactical decisions.
4. Operational decisions.
5. Programmed decisions.
6. Lower-level management.
7. One member–one vote.

Self-assessment Questions

1. Explain strategic decisions with examples.
2. Distinguish between programmed and non-programmed decisions.
3. What are operational decisions?
4. Explain individual and group decisions.
5. What are decisions under risk and uncertainty?
6. Explain democratic decision making in co-operatives.
7. Describe the steps in co-operative decision making.

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Assignments

1. Explain the concept and importance of decision making in management.
2. Analyse strategic, tactical, and operational decisions.
3. Describe the democratic nature of decision making in co-operatives.
4. Explain the steps involved in co-operative decision making in detail.

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BLOCK 2

Management Structure

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Unit 1
General Body

Learning Outcomes

After studying this unit, learner will be able to:

- ◊ explain the role and responsibilities of the General Body.
- ◊ describe the role of the Board of Directors in governance.
- ◊ identify the powers of the Board of Directors.
- ◊ analyse the functions of the Board in managing a co-operative society.

Prerequisite

A consumer co-operative society holds its annual General Body meeting. Members come together to review the activities of the society during the previous year. The financial statements are presented, the performance of the society is discussed and important proposals are placed before the members. The members may approve plans, ask questions and take decisions according to the rules of the society. The Board of Directors is also responsible for managing the affairs of the society within the powers given to it. This situation helps learners understand the meaning and importance of the General Body, its role and responsibilities, and the powers and functions of the Board of Directors in a co-operative organisation.

Keywords

General Body, Board of Directors, Democratic Control, Bye-laws, Co-operative Governance

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Discussion

2.1.1 Meaning

The General Body is the supreme authority in a co-operative organization and represents the collective ownership and democratic control of the society. It consists of all the members of the co-operative who are admitted in accordance with the provisions of the Co-operative Societies Act and the bye-laws of the society. As the highest decision-making body, the General Body exercises ultimate control over the affairs of the co-operative and safeguards the interests of the members.

The General Body embodies the fundamental principle of democracy in co-operatives, namely "one member, one vote," irrespective of the amount of capital contributed by each member. This ensures equality among members and prevents concentration of power in the hands of a few individuals. Through the General Body, members directly participate in governance and collectively determine the policies, objectives, and future direction of the organization.

The meaning of the General Body extends beyond a mere assembly of members. It is a forum for discussion, deliberation, and collective decision-making. In General Body meetings, members review the performance of the managing committee, examine financial statements and audit reports, and express their opinions on important issues. It serves as an instrument of accountability, as elected representatives and office bearers are answerable to the members.

The General Body also plays a vital role in leadership selection and control. It elects the Board of Directors or Managing Committee and office bearers such as the Chairman and Vice-Chairman. Through periodic elections, members exercise their right to choose capable leaders and remove ineffective or dishonest representatives. This democratic process strengthens transparency and good governance.

The General Body performs important statutory functions such as approval of annual accounts, budgets, and distribution of surplus, amendment of bye-laws, admission and expulsion of members, and approval of major policies and investments. These functions highlight its position as the ultimate authority in the co-operative.

2.1.2 Role and Responsibilities of the General Body

The General Body occupies the highest and most authoritative position in the governance structure of a co-operative organization. It represents the collective ownership of members and embodies the democratic spirit of the co-operative movement. All members of the society constitute the General Body, and through this body they exercise ultimate control over the affairs of the co-operative. The effectiveness of a co-operative largely depends on how actively and responsibly the General Body performs its role and discharges its responsibilities.

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Formulation of Policies and Objectives

One of the primary roles of the General Body is to determine the basic policies, objectives, and long-term direction of the co-operative. It decides the fundamental purpose for which the society exists and outlines the broad guidelines for its functioning. By approving development plans, expansion programmes, and diversification proposals, the General Body shapes the future course of the organization. This role ensures that the co-operative remains aligned with the needs and aspirations of its members.

Election of the Managing Committee

The General Body is responsible for electing the Board of Directors or Managing Committee and office bearers. Through democratic elections, members choose competent and trustworthy leaders to manage the affairs of the society. The General Body also has the authority to remove directors or office bearers in cases of inefficiency, misconduct, or loss of confidence. This responsibility strengthens accountability and democratic control.

Approval of Accounts, Budget, and Audit Reports

Financial oversight is a major responsibility of the General Body. It examines and approves the annual accounts, balance sheet, income and expenditure statement, and audit reports. It also approves the annual budget and financial plans. By reviewing financial performance and audit observations, the General Body ensures transparency, prevents misuse of funds, and safeguards the financial health of the co-operative.

Distribution of Surplus and Allocation of Profits

The General Body decides on the distribution of surplus generated by the co-operative. It approves the transfer of funds to reserves, payment of dividends or patronage bonus to members, and allocation for welfare and development activities. This responsibility ensures equitable distribution of benefits and promotes financial stability and growth of the society.

Amendment of Bye-laws

The General Body has the authority to amend the bye-laws of the co-operative in accordance with legal provisions. Bye-laws govern the internal management, rights, duties, and procedures of the society. Through amendments, the General Body adapts the organizational framework to changing needs and circumstances. This power enables the co-operative to remain dynamic and responsive.

Approval of Major Decisions and Transactions

The General Body approves major decisions such as purchase or sale of immovable property, large borrowings, investments, mergers, division, or liquidation of the society. These decisions have long-term implications and therefore require the consent of the members. This responsibility ensures that important actions are taken with collective approval and caution.

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Supervision and Control over Management

The General Body exercises general supervision and control over the Managing Committee and executive staff. It reviews the performance of directors, examines reports, raises questions, and gives directions when necessary. By holding the management accountable, the General Body prevents misuse of power and ensures good governance.

Promotion of Democratic Participation

The General Body promotes democratic participation by providing a forum for discussion, debate, and expression of views. Members share ideas, voice grievances, and suggest improvements. This participatory role strengthens unity, transparency, and collective ownership of decisions. It also helps develop leadership qualities and democratic culture among members.

Safeguarding Co-operative Principles and Values

The General Body has the responsibility to uphold co-operative principles such as voluntary membership, democratic control, equality, mutual help, and social responsibility. It ensures that the organization functions not merely as a business enterprise but as a value-based institution committed to member welfare and community development.

2.1.3 Role of the Board of Directors

The Board of Directors occupies a central position in the governance and management of a co-operative organization. It is the executive authority elected by the General Body to manage the affairs of the society on behalf of the members. The Board acts as a link between the General Body and the executive management and is responsible for translating members' objectives into effective policies and programmes. The efficiency, integrity, and leadership of the Board largely determine the success and stability of the co-operative.

Policy Formulation and Strategic Direction

One of the primary roles of the Board of Directors is to formulate policies and provide strategic direction to the co-operative. It defines goals, approves development plans, and determines priorities in line with the objectives approved by the General Body. By setting long-term strategies regarding expansion, diversification, and modernization, the Board shapes the future course of the organization.

Supervision and Control of Management

The Board exercises supervision and control over the executive management and staff. It appoints the Chief Executive or Manager and reviews his performance. Through regular meetings and reports, the Board monitors operational efficiency, financial performance, and compliance with laws and bye-laws. This supervisory role ensures discipline, accountability, and proper functioning of the organization.

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Financial Management and Control

The Board plays a crucial role in financial management. It approves budgets, sanctions major expenditures, and oversees investments and borrowings. It ensures proper maintenance of accounts, timely audits, and implementation of audit recommendations. By exercising financial control, the Board safeguards the assets of the society and ensures its financial stability.

Representation and External Relations

The Board represents the co-operative in its relations with government authorities, financial institutions, federations, and other organizations. It negotiates agreements, secures loans and grants, and promotes the interests of the society in external forums. Effective representation enhances credibility, access to resources, and institutional support.

Promotion of Democratic Governance

The Board has the responsibility to uphold democratic principles and co-operative values. It ensures regular conduct of General Body meetings, fair elections, and transparent decision-making. By encouraging member participation and respecting collective decisions, the Board strengthens democratic governance and institutional integrity.

Conflict Resolution and Leadership

The Board provides leadership and resolves conflicts among members, directors, and employees. It mediates disputes, promotes harmony, and builds consensus on important issues. Effective leadership fosters unity, trust, and organizational stability.

2.1.4 Powers and Functions of the Board of Directors

The powers and functions of the Board are derived from the Co-operative Societies Act, rules, bye-laws, and resolutions of the General Body.

Powers

1. Administrative Powers

The Board of Directors has the power to appoint employees required for the smooth functioning of the cooperative society. It can promote, transfer, suspend, or dismiss employees for misconduct or inefficiency, following the provisions of the bye-laws and law. The Board frames service rules and internal administrative regulations for staff. It defines the duties, responsibilities, and authority of officers and employees. Through these powers, the Board ensures discipline, efficiency, and proper administration of the society.

2. Financial Powers

The Board exercises full control over the financial affairs of the cooperative society. It prepares the annual budget and places it before the General Body for approval. The Board sanctions loans and advances to members and fixes credit limits and repayment

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schedules. It operates bank accounts, appoints authorized signatories, and decides on investment of surplus funds. These powers help the Board maintain financial discipline and stability.

3. Policy-Making Powers

The Board has the authority to frame policies that guide the functioning of the cooperative society. It formulates policies related to credit, marketing, production, procurement, and pricing. These policies ensure uniformity and consistency in decision-making. The Board also frames rules regarding membership, discipline, and internal control systems. Through policy-making powers, the Board provides long-term direction to the society.

4. Property and Contractual Powers

The Board has the power to acquire, purchase, sell, lease, or mortgage movable and immovable property of the society. It takes decisions regarding the use and development of the society's assets. The Board can enter into contracts and agreements necessary for business operations. Such contracts may relate to procurement, marketing, or service activities. These powers enable the Board to manage property and business affairs efficiently.

5. Legal and Statutory Powers

The Board represents the cooperative society in legal matters and proceedings. It may institute or defend suits on behalf of the society. The Board ensures compliance with the Cooperative Societies Act, Rules, and registered bye-laws. It places audit reports, inspection notes, and inquiry findings before the General Body. Corrective action is taken to rectify defects pointed out by auditors or authorities.

6. Membership-Related Powers

The Board has the power to admit new members after verifying eligibility conditions. It can remove members for persistent default, misconduct, or violation of bye-laws. The Board decides matters relating to transfer and refund of shares. It ensures that members comply with their obligations to the society. These powers help preserve the democratic and cooperative character of the institution.

2.1.5 Functions of the board of directors of a cooperative society

1. Administrative Functions

The Board manages the day-to-day affairs of the cooperative society. It ensures coordination among officers, employees, and committees. The Board implements resolutions passed by the General Body. It maintains discipline and efficiency in internal administration. Through effective administration, the Board ensures smooth functioning of the society.

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2. Financial Management Functions

The Board supervises financial activities of the cooperative society. It ensures proper maintenance of books of accounts and financial records. The Board reviews income, expenditure, and financial performance regularly. It facilitates statutory audit and places audit reports before members. These functions help safeguard the financial health of the society.

3. Planning and Policy Functions

The Board sets goals and objectives for the cooperative society. It prepares short-term and long-term development plans. Policies are reviewed and revised based on performance and changing conditions. The Board ensures that plans align with cooperative principles. Planning functions promote growth and sustainability of the society.

4. Business and Operational Functions

The Board oversees business operations such as production, procurement, marketing, and distribution. It ensures efficient utilization of resources. The Board evaluates operational performance periodically. Corrective action is taken in case of inefficiency or loss. These functions ensure effective business management.

5. Membership-Related Functions

The Board promotes enrolment of eligible members. It encourages active participation of members in cooperative activities. Members' rights and interests are protected by the Board. It addresses grievances and disputes of members. These functions strengthen democratic control in the cooperative.

6. Supervisory and Control Functions

The Board monitors the performance of employees and committees. It establishes internal control systems to prevent misuse of funds. Regular review of reports ensures accountability. The Board takes corrective and disciplinary action when required. These functions promote transparency and good governance.

7. Statutory and Representative Functions

The Board represents the society before government authorities and institutions. It ensures compliance with statutory requirements and regulations. Necessary returns and reports are submitted to the Registrar. The Board follows government directions issued from time to time. These functions protect the legal status of the cooperative society.

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Recap

- ◊ The General Body is the supreme authority of a co-operative.
- ◊ The Board of Directors is elected by the General Body.
- ◊ The Board manages day-to-day affairs.
- ◊ Financial control is exercised by the Board.
- ◊ The Board ensures legal compliance.
- ◊ Democratic governance depends on both bodies.

Objective Questions

1. What is the supreme authority in a co-operative society?
2. Who constitutes the General Body?
3. What body manages daily affairs of the society?
4. What document governs internal management?
5. What body approves annual accounts?
6. Who appoints the Chief Executive?
7. What function involves staff control?
8. What value ensures transparency?

Answers

1. General Body
2. All members
3. Board of Directors
4. Bye-laws
5. General Body
6. Board of Directors
7. Administrative function
8. Democracy

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Self-assessment Questions

1. Why is the General Body called the supreme authority?
2. Explain the democratic significance of the General Body.
3. What are the main responsibilities of the General Body?
4. Describe the role of the Board of Directors.
5. What are the administrative powers of the Board?
6. Discuss the financial powers of the Board.
7. What is membership-related powers of the Board?
8. Describe supervisory functions of the Board.

Assignments

1. Analyse the role of the Board of Directors in co-operative governance.
2. Explain the administrative and financial powers of the Board.
3. Examine the relationship between the General Body and the Board of Directors.
4. Explain how democratic control is ensured in co-operatives.
5. Analyse the importance of bye-laws in co-operative management.
6. Suggest measures to strengthen governance in co-operative societies.

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Unit 2
Powers, Functions and Duties

Learning Outcomes

After studying this unit, learner will be able to:

- ◊ explain the duties and responsibilities of the Secretary.
- ◊ analyse the leadership role in co-operative management.
- ◊ identify the need for leadership in democratic organizations.
- ◊ assess the contribution of leadership to co-operative development.

Prerequisite

A co-operative society has elected a new Chairman and appointed a Secretary to manage its activities. The Chairman has to guide the Board, preside over meetings and provide leadership in important matters. The Secretary has to maintain records, prepare notices and minutes, communicate with members and carry out the administrative decisions of the society. If the Chairman provides proper leadership and the Secretary performs administrative duties efficiently, the society can function in an organised manner. At times, the society may face disagreements or difficult situations, requiring effective leadership and co-ordination. This situation helps learners understand the powers, functions and duties of the Chairman and Secretary and the importance of leadership in co-operative management.

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Keywords

Leadership, Democratic Control, Co-operative Management

Discussion

2.2.1 Powers and Functions of the Chairman / President in a Co-operative

The Chairman / President is the highest office-bearer of a cooperative society and the head of the Board of Directors. He plays a vital role in leadership, administration, coordination, and representation of the cooperative. Though the Chairman functions within the limits of the Cooperative Societies Act, Rules, and bye-laws, his role is crucial for ensuring democratic control and effective management of the society.

A. Powers of the Chairman / President

1. Power to Preside over Meetings

The Chairman presides over meetings of the General Body and the Board of Directors. He ensures that meetings are conducted in an orderly and disciplined manner. He regulates discussions and ensures that decisions are taken according to rules and procedures.

2. Casting Vote

In case of equality of votes during Board meetings, the Chairman has a casting vote. This power helps in resolving deadlocks. It ensures continuity in decision-making and avoids administrative delays.

3. Supervisory Powers

The Chairman supervises the functioning of officers and employees of the society. He ensures that resolutions passed by the Board and General Body are properly implemented. This power helps maintain efficiency and accountability in administration.

4. Representative Powers

The Chairman represents the cooperative society before government departments, banks, courts, federations, and the general public. He signs agreements, contracts, and official documents on behalf of the society. This power gives legal and official recognition to the actions of the cooperative.

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5. Emergency Powers

In urgent situations, the Chairman may take immediate decisions in the interest of the society. Such actions are taken when delay may cause loss or damage to the cooperative. These decisions must later be placed before the Board for ratification.

6. Authority to Convene Meetings

The Chairman has the authority to convene meetings of the Board of Directors. He decides the date, time, and venue of meetings in consultation with the Secretary. This power ensures timely discussion of important matters.

B. Functions of the Chairman / President

1. Leadership Function

The Chairman provides leadership and direction to the Board of Directors. He guides members in policy discussions and decision-making. His leadership helps promote unity, cooperation, and collective responsibility among directors.

2. Coordination Function

The Chairman acts as a link between the Board of Directors, management, employees, and members. He ensures proper coordination among various units of the society. Effective coordination helps avoid misunderstandings and conflicts.

3. Administrative Function

The Chairman oversees the general administration of the cooperative society. He ensures discipline among employees and directors. This function helps maintain smooth day-to-day functioning of the society.

4. Policy Implementation Function

Although policies are framed collectively by the Board, the Chairman ensures their proper implementation. He monitors the progress of activities and programmes. Corrective steps are suggested wherever necessary.

5. Democratic Function

The Chairman safeguards democratic functioning of the cooperative. He encourages participation of members in meetings and decision-making. He ensures that decisions are taken in accordance with cooperative principles.

6. Statutory and Legal Function

The Chairman ensures compliance with the Cooperative Societies Act, Rules, and bye-laws. He places audit reports, inspection notes, and statutory matters before the Board and General Body. This function protects the cooperative from legal and regulatory issues.

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7. Conflict Resolution Function

Disputes may arise among members, directors, or employees of the cooperative. The Chairman plays a key role in resolving such conflicts through discussion and mediation. His impartial approach helps maintain harmony in the society.

8. Financial Oversight Function

Though financial powers mainly rest with the Board, the Chairman exercises oversight over financial matters. He ensures that funds are properly utilized and financial discipline is maintained. This function safeguards the financial stability of the cooperative.

9. Development and Promotional Function

The Chairman promotes growth and development of the cooperative society. He encourages adoption of modern management practices and new ideas. At the same time, he ensures that cooperative principles are not compromised.

10. Public Relations Function

The Chairman acts as the public face of the cooperative society. He builds goodwill among members, government agencies, and the public. Good public relations help improve the image and credibility of the cooperative.

2.2.2 Functions and Duties of the Secretary in a Cooperative Society

The Secretary is the chief executive officer of a cooperative society and works under the control of the Board of Directors. He is responsible for day-to-day administration, record keeping, and implementation of decisions. His role is crucial for efficient functioning and legal compliance of the society.

1. Administrative Functions

The Secretary manages the daily activities of the cooperative society. He supervises office staff and ensures that work is carried out efficiently. Discipline and coordination among employees are maintained under his control. He also implements decisions taken by the Board and General Body.

2. Secretary of Meetings

The Secretary issues notices for meetings of the General Body and Board of Directors. He prepares the agenda in consultation with the Chairman. During meetings, he records accurate minutes. These minutes serve as official records of decisions taken.

3. Record Keeping and Documentation

The Secretary maintains statutory registers, files, and records of the society. He ensures that documents such as membership registers and minute books are updated regularly. Proper record keeping ensures transparency and accountability. These records are produced during audits and inspections.

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4. Financial Functions

The Secretary maintains books of accounts under the supervision of the Board. He records all receipts and payments accurately. He assists in preparation of budgets and financial statements. This ensures proper financial management of the society.

5. Custodian of Funds and Property

The Secretary acts as the custodian of cash and property of the cooperative society. He ensures that funds are used only for authorized purposes. He maintains stock and asset registers properly. This helps prevent misuse or loss of property.

6. Implementation of Decisions

The Secretary executes resolutions passed by the Board and General Body. He converts decisions into practical actions. He coordinates with employees for effective implementation. Progress is reported to the Board regularly.

7. Correspondence and Communication

The Secretary handles all official correspondence of the society. He communicates with members, government departments, banks, and the Registrar. Notices, circulars, and letters are issued by him. This ensures smooth flow of information.

8. Statutory and Legal Duties

The Secretary ensures compliance with the Cooperative Societies Act, Rules, and bye-laws. He submits statutory returns and reports to the Registrar on time. He assists auditors and inspectors during audits and inquiries. Legal compliance protects the society from penalties.

9. Membership-Related Duties

The Secretary maintains the membership register accurately. He processes applications for admission of new members. He collects share capital and membership fees. He also helps resolve member grievances.

10. Assistance to the Chairman and Board

The Secretary assists the Chairman in administrative and procedural matters. He provides necessary information and records to the Board. He helps in policy implementation and planning. His support enables informed decision-making.

11. Public Relations and Service Functions

The Secretary maintains good relations with members and the public. He attends to members' queries and complaints. He promotes cooperative education and awareness. Good public relations improve the image of the society.

2.2.3 Need for Leadership in Co-operative Management

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Leadership occupies a central place in the effective functioning and development of co-operative organizations. In such organizations, leadership is not merely a position of authority but a responsibility to guide, inspire, and coordinate members towards the achievement of shared goals. The need for leadership in co-operative management arises from the unique structure, democratic nature, and social purpose of co-operatives.

One of the foremost needs for leadership in co-operatives is providing direction and vision. Co-operative societies often consist of members with diverse backgrounds, interests, and expectations. Effective leadership helps in formulating clear objectives, long-term plans, and development strategies that reflect the collective aspirations of members. By setting a common vision, leaders ensure unity of purpose and guide the organization towards sustainable growth and service-oriented performance.

Leadership is essential for ensuring democratic governance. Leaders play a crucial role in maintaining transparency, fairness, and accountability in meetings, elections, and policy decisions. Without capable leadership, democratic processes may become ineffective, leading to conflicts, factionalism, or domination by a few individuals.

Another important need for leadership is effective coordination and teamwork. A co-operative involves the combined efforts of members, elected representatives, managers, and employees. Leadership is required to integrate these diverse elements into a harmonious working system. By promoting cooperation, trust, and mutual respect, leaders ensure smooth coordination between the General Body, Board of Directors, management, and staff. This collective effort enhances efficiency and strengthens organizational unity.

Leadership also plays a vital role in motivating members and employees. Since co-operatives rely heavily on voluntary participation and collective effort, sustaining enthusiasm and commitment is essential. Leaders inspire confidence, recognize contributions, and encourage active involvement in meetings, activities, and development programmes. Through positive motivation and personal example, leaders create a sense of ownership and responsibility among members, which is crucial for the long-term success of the co-operative.

The need for leadership becomes more significant in managing change and adapting to the environment. Modern co-operatives operate in a dynamic environment characterized by competition, technological advancement, regulatory changes, and market fluctuations. Effective leadership helps in anticipating changes, introducing innovations, adopting new technologies, and responding to external challenges. Leaders guide the organization through periods of transition and ensure that traditional co-operative values are preserved while embracing modernization.

Leadership is indispensable for conflict resolution and maintaining harmony. Differences of opinion, competing interests, and personal rivalries are common in member-based organizations. Without proper leadership, such conflicts can disrupt operations and weaken unity. Leaders act as mediators and arbitrators, resolve disputes amicably, and maintain discipline and organizational stability. By fostering a culture of dialogue and cooperation, leadership safeguards the social fabric of the co-operative.

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Another crucial need for leadership lies in ensuring ethical conduct and value-based management. Co-operatives are founded on principles such as honesty, self-help, mutual aid, and social responsibility. Leaders serve as role models by upholding integrity, fairness, and accountability in their actions. They ensure that the society functions not merely as a business enterprise but as a socio-economic institution committed to member welfare and community development.

Leadership is also necessary for strengthening external relations and representation. Co-operatives must interact with government agencies, financial institutions, federations, and the public. Effective leaders represent the interests of the society, negotiate support, secure resources, and build partnerships. Through competent representation, leaders enhance the credibility, influence, and growth prospects of the co-operative.

Recap

- ◊ The Chairman has a casting vote in case of a tie.
- ◊ Emergency powers ensure quick decisions.
- ◊ The Chairman promotes democratic functioning.
- ◊ The Secretary is the chief executive officer.
- ◊ The Secretary maintains records and registers.
- ◊ Financial records are maintained by the Secretary.
- ◊ The Secretary ensures statutory compliance..
- ◊ Conflicts are resolved through leadership.
- ◊ Ethical conduct is promoted by leaders.
- ◊ Strong leadership ensures co-operative growth.

Objective Questions

1. Who is the chief executive officer of a co-operative society?
2. What is the position of the Chairman in a co-operative?
3. What vote resolves a tie in Board meetings?
4. Who presides over General Body meetings?
5. Who maintains statutory registers?

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6. What function involves record keeping?
7. Who implements Board decisions?
8. Who convenes Board meetings?
9. Who prepares meeting agendas?

Answers

1. Head of the Board
2. Secretary
3. Casting vote
4. Chairman
5. Secretary
6. Secretarial function
7. Secretary
8. Chairman
9. Secretary

Self-assessment Questions

1. Describe the functions of the Chairman/President.
2. What are the administrative duties of the Secretary?
3. Explain the financial functions of the Secretary.
4. Why is leadership important in co-operative management?
5. Explain the role of leadership in democratic governance.
6. Discuss the role of leadership in managing change.
7. Explain ethical leadership in co-operatives.

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Assignments

1. Analyse the importance of leadership in co-operative management.
2. Examine the role of the Secretary in ensuring legal compliance.
3. Analyse the need for leadership in managing conflicts.
4. Examine ethical leadership in co-operative institutions.
5. Suggest measures to strengthen leadership in co-operative societies.

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Unit 3

Administrative set-up of Co-operative Department in Kerala

Learning Outcomes

After completing this unit, learners will be able to:

- ◊ explain the administrative structure of the Co-operative Department in Kerala
- ◊ identify the powers and responsibilities of the Registrar of Co-operative Societies
- ◊ analyse the importance of audit and its separation from administration
- ◊ evaluate the role of the department in promoting democratic co-operative governance

Prerequisite

A primary agricultural co-operative society in Kerala may face an administrative issue relating to its functioning or compliance with co-operative rules. Depending on the nature of the matter, the society may have to deal with officers at the appropriate level of the Co-operative Department. The Department has an administrative structure at the State, District and Taluk levels, with officers having different responsibilities. The Registrar of Co-operative Societies and Functional Registrars also perform specific duties under the co-operative administration system. At the same time, auditing requires a separate approach because audit examines the financial records and activities of the society. This situation provides a starting point for understanding the administrative set-up of the Co-operative Department in Kerala, its powers and responsibilities, the powers of the Registrar and the need for separating administration from audit.

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Keywords

Registrar of Co-operative Societies, Functional Registrars, Statutory Audit, Democratic Governance, Co-operative Administration

Discussion

2.3.1 Discussion

The co-operative movement in Kerala occupies a prominent position in the socio-economic development of the state. Kerala has one of the most extensive and well-organized co-operative networks in India, covering sectors such as agricultural credit, urban and rural banking, consumer distribution, housing, dairy, fisheries, labour, and industrial co-operatives. To regulate, supervise, promote, and strengthen this vast co-operative structure, the Government of Kerala has established a well-defined administrative machinery known as the Co-operative Department.

The administrative set-up of the Co-operative Department is designed to ensure democratic governance, financial discipline, legal compliance, and efficient functioning of co-operative institutions. This administrative structure operates at three main levels: State Level, District Level, and Taluk Level. Each level has specific roles and responsibilities and together they ensure effective control and development of the co-operative movement in the state.

2.3.2 State Level Administrative Set-up

At the apex of the administrative hierarchy is the State Government, represented by the Minister for Co-operation. The Minister is responsible for framing policies, introducing legislation, placing co-operative matters before the cabinet and legislature, and providing political leadership to the co-operative sector. The Minister ensures that the objectives of co-operation are integrated with the broader development policies of the state.

The highest statutory authority in the department is the Registrar of Co-operative Societies (RCS). The Registrar is the head of the Co-operative Department and exercises general superintendence, control, and direction over all co-operative societies registered under the Kerala Co-operative Societies Act, 1969, and the Rules framed thereunder. The Registrar holds extensive powers relating to:

- ◊ Registration and classification of co-operative societies
- ◊ Approval and amendment of bye-laws
- ◊ Conduct of inspections, inquiries, and investigations
- ◊ Supervision of elections to managing committees
- ◊ Supersession or dissolution of managing committees

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- ◊ Appointment of administrators or managing directors
- ◊ Settlement of disputes and arbitration
- ◊ Enforcement of statutory provisions and recovery proceedings

The Registrar also acts as the principal adviser to the government on co-operative policy matters, legislative reforms, and institutional development. He coordinates with other departments, apex co-operative institutions, and national-level co-operative bodies.

To assist the Registrar, there are Additional Registrars and Joint Registrars at the state level. These officers are entrusted with specialized supervisory functions over different categories of societies such as district co-operative banks, state-level federations, apex societies, and special type societies. They exercise delegated powers in matters relating to inspections, inquiries, disciplinary action, elections, and administrative approvals. This delegation of authority ensures decentralization, administrative efficiency, and speedy disposal of cases.

A major component of the state-level administration is the Audit Wing. Audit is a statutory requirement for all co-operative societies, and the audit wing plays a crucial role in maintaining financial discipline and transparency. Headed by senior audit officers, this wing conducts statutory and special audits, examines accounts, detects irregularities, prevents misappropriation, and evaluates financial performance. Audit reports are submitted to the Registrar and concerned societies, and corrective measures are enforced wherever necessary.

The department also maintains a specialized Legal and Arbitration Wing. Co-operative disputes relating to membership, management, elections, loans, and financial claims are referred to the Registrar or designated arbitrators. This wing ensures speedy and specialized settlement of disputes within the co-operative framework, reducing dependence on ordinary civil courts.

Another important function at the state level is training and development. Institutions such as the Kerala State Co-operative Union, Co-operative Training Colleges, and Management Institutes conduct training programmes for elected representatives, secretaries, managers, and employees. These programmes promote leadership development, professional competence, ethical standards, and awareness of co-operative principles.

2.3.3 The district-level administrative setup

The district-level administrative setup of the Cooperative Department in Kerala is spearheaded by the Joint Registrar (General), who serves as the principal authority for the regulation and supervision of all cooperative societies within the district. This office acts as a vital link between the state-level Directorate and the grassroots primary societies. The Joint Registrar is vested with significant statutory powers under the Kerala Co-operative Societies Act, 1969, including the authority to register new societies, approve amendments to bylaws, and oversee the liquidation of defunct entities. By exercising these powers, the district administration ensures that all cooperative

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institutions maintain a legal identity and adhere to the democratic principles of the movement.

Beyond basic administration, the district office performs a critical quasi-judicial role through arbitration and dispute resolution. When conflicts arise between members and management or between different societies, the Joint Registrar or designated subordinates hear the cases and pass binding awards, thereby reducing the burden on the civil court system. The district administration is responsible for maintaining the financial and operational integrity of societies. This is achieved through statutory inspections and inquiries (under Sections 65 and 66 of the Act), which allow officials to investigate mismanagement, order the recovery of misappropriated funds through surcharge proceedings, or even supersede an inefficient Board of Directors to appoint an Administrator.

In addition to regulatory oversight, the district level administration serves as a developmental facilitator. It is responsible for the localized implementation of state-sponsored schemes, the distribution of government subsidies, and the coordination of share capital contributions intended to modernize cooperative infrastructure. While the "General" wing handles these administrative and developmental tasks, a parallel Audit Wing, headed by a Joint Registrar (Audit), operates at the district level to ensure financial accountability. This wing conducts mandatory annual audits, verifies the fiscal health of societies, and issues audit certificates, ensuring that the cooperative sector remains a transparent and trusted pillar of the district's economy.

2.3.4 Taluk Level Administrative Set-up

The taluk level represents the field-level administrative machinery of the Co-operative Department and ensures close supervision and continuous guidance to primary co-operative societies functioning at the village and local levels.

At the head of the taluk administration is the Assistant Registrar of Co-operative Societies or a designated Taluk Co-operative Officer. This officer is responsible for supervising the functioning of societies within the taluk and maintaining close contact with managing committees, secretaries, and members. His major functions include:

- ◊ Conducting routine inspections and verification of records
- ◊ Examining accounts, loan registers, and membership records
- ◊ Ensuring compliance with statutory provisions and bye-laws
- ◊ Guiding societies in administrative and financial matters
- ◊ Assisting in the conduct of meetings and elections
- ◊ Handling complaints and minor disputes
- ◊ Monitoring recovery of loans and dues

Below the Assistant Registrar are Co-operative Inspectors and Junior Inspectors. These officers perform field-level duties such as inspecting accounts, verifying vouchers, checking loan disbursements, examining cash balances, and monitoring day-to-day operations. They prepare inspection reports highlighting defects, irregularities, and recommendations for improvement.

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The taluk office also assists in conducting General Body meetings and elections, issuing notices, verifying voters' lists, supervising polling, and ensuring fair and orderly proceedings. It plays an important role in maintaining democratic governance and transparency at the grassroots level.

Another significant function at the taluk level is implementation of government schemes and development programmes through co-operatives. The taluk officers coordinate with societies for disbursement of agricultural loans, self-employment schemes, subsidies, welfare benefits, and poverty alleviation programmes. They monitor utilization of funds and achievement of targets and submit periodic reports to district authorities.

The taluk administration acts as the first point of contact between the department and primary co-operative societies. Through regular supervision, guidance, inspection, and reporting, it ensures that societies function efficiently, democratically, and in conformity with co-operative principles.

2.3.5 Powers and Responsibilities of the Co-operative Department

The Co-operative Department is a statutory authority established by the State Government to regulate, supervise, guide, and promote the co-operative movement. Co-operative societies are democratic and member-owned institutions created to promote economic welfare, mutual assistance, and social development. To ensure that these institutions function in accordance with co-operative principles, legal provisions, and sound management practices, the Co-operative Department is vested with wide-ranging powers and responsibilities under the Co-operative Societies Act and Rules.

The department performs a dual role - regulatory and developmental. While it exercises statutory control to maintain discipline, transparency, and legality, it also undertakes promotional and supportive functions to strengthen and expand the co-operative sector.

2.3.6 Powers of the Co-operative Department

1. Power of Registration and Classification

One of the fundamental powers of the Co-operative Department is the registration of co-operative societies. The Registrar of Co-operative Societies examines applications for registration, verifies compliance with legal provisions, and grants registration certificates. He also has the power to classify societies into different categories such as credit, consumer, housing, agricultural, and industrial co-operatives. This power ensures orderly growth and proper organization of the co-operative movement.

The Registrar also has the authority to cancel or refuse registration if the proposed society violates statutory provisions or public interest.

2. Power to Approve and Amend Bye-laws

The department has the power to approve, modify, and amend the bye-laws of co-operative societies. Bye-laws regulate the internal management, membership

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conditions, financial procedures, and governance structure of societies. The Registrar ensures that bye-laws are in conformity with the Act and Rules and reflect co-operative principles. He may direct amendments whenever existing bye-laws become outdated or inconsistent with law.

3. Power of Inspection and Inquiry

A major supervisory power of the department is the right to inspect and inquire into the affairs of co-operative societies. The Registrar or authorized officers may inspect accounts, records, books, and proceedings to assess the financial position and administrative efficiency of societies.

In cases of complaints, mismanagement, fraud, or irregularities, the department can order formal inquiries. This power enables detection of misappropriation, corruption, and violation of statutory provisions, thereby safeguarding the interests of members and depositors.

4. Power of Audit Supervision

Audit is a statutory requirement for all co-operative societies. The department has the power to conduct and supervise audits through its audit wing. Audit officers examine accounts, verify financial statements, assess asset quality, and detect irregularities. The department can order special audits in cases of suspicion or financial distress. Audit reports form the basis for corrective action, disciplinary proceedings, and recovery measures. This power ensures financial discipline and transparency.

5. Power over Elections and Supersession

The Co-operative Department exercises extensive powers over the conduct of elections to managing committees and boards of directors. It approves election schedules, supervises polling, and ensures fair and democratic processes. In cases of persistent default, mismanagement, or violation of statutory provisions, the department has the power to supersede managing committees and appoint administrators. This extraordinary power is exercised to protect the interests of members and ensure continuity of administration.

6. Power of Arbitration and Dispute Settlement

The department has quasi-judicial powers in the settlement of disputes relating to membership, management, elections, loans, and financial claims. Such disputes are referred to the Registrar or appointed arbitrators instead of ordinary civil courts. This specialized dispute resolution mechanism ensures speedy, economical, and expert adjudication, preserving harmony within the co-operative system.

7. Power of Recovery and Enforcement

The department is empowered to initiate recovery proceedings against defaulting members and societies. It may attach property, garnish salaries, and take other coercive measures to recover dues. It also enforces compliance with statutory provisions by imposing penalties, issuing directions, suspending officials, and prosecuting offenders. These enforcement powers ensure discipline and protect public funds.

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2.3.7 Responsibilities of the Co-operative Department

While the department enjoys wide statutory powers, its responsibilities are equally significant and multifaceted. These responsibilities aim at promoting healthy growth, democratic governance, and socio-economic development through co-operatives.

1. Responsibility for Promotion and Development

One of the primary responsibilities of the department is the promotion of the co-operative movement. It encourages the formation of new societies in rural and urban areas, particularly in sectors such as agriculture, credit, housing, fisheries, and women entrepreneurship. The department identifies potential areas for co-operative activity, mobilizes members, and provides guidance in organizing societies. Through this responsibility, the department expands the reach of co-operatives and strengthens grassroots development.

2. Responsibility for Democratic Governance

Co-operatives are founded on democratic principles. The department is responsible for ensuring free, fair, and regular elections, proper conduct of meetings, transparency in decision-making, and protection of members' rights. It prevents domination by vested interests, curbs factionalism, and promotes participative management. By safeguarding democratic functioning, the department preserves the true spirit of co-operation.

3. Responsibility for Financial Discipline and Stability

Maintaining financial soundness of co-operative institutions is a major responsibility of the department. Through audit, inspection, inquiry, and recovery measures, it ensures proper utilization of funds, prevention of fraud, and timely recovery of loans. The department monitors the financial performance of societies, identifies weak institutions, and initiates rehabilitation measures. This responsibility is crucial for protecting depositors, members, and public funds.

4. Responsibility for Training and Capacity Building

The department undertakes extensive training and education programmes for elected representatives, managers, secretaries, and employees. Through co-operative training colleges, unions, and institutes, it imparts knowledge on co-operative law, accounting, management, leadership, and ethics. This responsibility enhances professional competence, administrative efficiency, and leadership quality within co-operative institutions.

5. Responsibility for Guidance and Advisory Services

The department provides technical, legal, and managerial guidance to co-operative societies. It advises societies on policy matters, legal compliance, accounting procedures, business planning, and organizational restructuring. By acting as a mentor and facilitator, the department helps societies overcome operational difficulties and improve performance.

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6. Responsibility for Implementation of Government Schemes

Co-operatives are important instruments for implementing government development and welfare programmes. The department coordinates the execution of agricultural credit schemes, self-employment programmes, poverty alleviation initiatives, housing schemes, and consumer distribution systems through co-operatives. It monitors utilization of funds, achievement of targets, and impact of schemes, thereby contributing to inclusive growth and social justice.

7. Responsibility for Protection of Members' Interests

The department acts as a **guardian of members' interests**. It protects members from exploitation, mismanagement, and financial loss. Through inspections, inquiries, dispute settlement, and recovery proceedings, it ensures fairness, accountability, and security of savings and investments. This protective role enhances public confidence in the co-operative system.

8. Responsibility for Research, Planning, and Policy Support

The department collects data, conducts studies, evaluates performance, and provides policy inputs to the government. It identifies emerging challenges, recommends legislative reforms, and formulates development strategies. Through planning and research, the department ensures continuous modernization and relevance of the co-operative sector.

2.3.9 Balancing Powers and Responsibilities

The effectiveness of the Co-operative Department depends on maintaining a proper balance between control and autonomy. Excessive control may weaken democratic functioning and managerial initiative, while inadequate supervision may lead to mismanagement and corruption. Therefore, the department must exercise its powers judiciously, transparently, and impartially, while fulfilling its developmental responsibilities with commitment and professionalism.

Conferment of Powers of the Registrar in Kerala

The Registrar of Co-operative Societies occupies a pivotal position in the administrative and regulatory framework governing co-operative institutions in Kerala. The Registrar is the chief statutory authority entrusted with the supervision, regulation, control, and development of the co-operative movement under the Kerala Co-operative Societies Act, 1969, and the Rules framed thereunder. The conferment of powers on the Registrar is intended to ensure democratic governance, financial discipline, legal compliance, and orderly growth of co-operative societies. These powers are conferred by statute and may also be delegated to subordinate officers to ensure effective administration at different levels.

The conferment of powers on the Registrar reflects the dual role of the office — as a regulatory authority and as a developmental facilitator. Through these powers, the Registrar acts as guardian of co-operative principles, protector of members' interests, and promoter of institutional efficiency.

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I. Statutory Basis for Conferment of Powers

The powers of the Registrar are conferred primarily under the Kerala Co-operative Societies Act, 1969, and supplemented by the Kerala Co-operative Societies Rules and Government notifications. The Act defines the authority, jurisdiction, and functions of the Registrar and authorizes the State Government to appoint one or more Registrars, Additional Registrars, Joint Registrars, Deputy Registrars, and Assistant Registrars.

The Act empowers the State Government to delegate the powers of the Registrar to subordinate officers, subject to conditions and limitations. This system of delegation ensures decentralization, administrative convenience, and speedy disposal of cases. While the Registrar remains the supreme authority, delegated officers exercise powers within their territorial and functional jurisdiction.

II. Powers Relating to Registration and Classification

One of the primary powers conferred on the Registrar is the power to register co-operative societies. The Registrar examines applications for registration, verifies compliance with statutory provisions, and grants certificates of registration. He ensures that the proposed society is economically viable, socially desirable, and consistent with co-operative principles.

The Registrar also has the authority to refuse registration if the application violates legal provisions, public policy, or the interests of members. This power prevents proliferation of unviable or fraudulent societies.

The Registrar has the power to classify and reclassify societies into different categories such as primary, central, and apex societies, and into functional types such as credit, consumer, housing, and industrial co-operatives. This classification facilitates proper supervision and policy formulation.

III. Powers Regarding Bye-laws and Internal Governance

The conferment of powers includes authority over the approval, amendment, and cancellation of bye-laws. Bye-laws regulate the internal affairs of societies, including membership, management, elections, finance, and dispute resolution. The Registrar ensures that bye-laws conform to the Act, Rules, and co-operative principles.

The Registrar may direct societies to amend their bye-laws whenever existing provisions become inconsistent with law or administrative requirements. This power ensures uniformity, legal compliance, and good governance across co-operative institutions.

IV. Supervisory Powers: Inspection, Inquiry, and Investigation

A major component of the Registrar's authority lies in his supervisory powers. The Act confers upon him the power to conduct inspections of accounts, records, and proceedings of co-operative societies. Inspections may be routine or special, and their objective is to assess financial health, administrative efficiency, and compliance with statutory provisions. In cases of complaints, mismanagement, corruption, or serious

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irregularities, the Registrar is empowered to order formal inquiries and investigations. These inquiries may examine financial transactions, managerial decisions, and conduct of office-bearers. The findings of inquiries form the basis for disciplinary action, supersession of committees, recovery proceedings, and prosecution.

These supervisory powers protect members' interests and ensure accountability and transparency.

V. Powers Relating to Audit and Financial Control

Audit is a statutory requirement for all co-operative societies. The Registrar is empowered to arrange, supervise, and control audits through the departmental audit wing. He appoints auditors, fixes audit schedules, and reviews audit reports. The Registrar may order special audits in cases of suspected fraud, financial distress, or public interest. He has the authority to direct societies to rectify defects pointed out in audit reports and to initiate action against responsible officials. These financial control powers are essential for maintaining fiscal discipline, preventing misappropriation, and protecting depositors and members.

VI. Powers over Elections and Management

The conferment of powers includes authority over the conduct and supervision of elections to managing committees and boards of directors. The Registrar approves election programmes, appoints returning officers, resolves election disputes, and ensures fair and democratic processes. In cases of persistent default, mismanagement, or violation of statutory provisions, the Registrar has the extraordinary power to supersede managing committees and appoint administrators or managing directors. This power is exercised to safeguard the interests of members and ensure continuity of administration. The Registrar may also issue directions and guidelines to managing committees regarding policy implementation, financial management, and administrative reforms.

VII. Quasi-Judicial Powers: Arbitration and Dispute Settlement

The Registrar is vested with important quasi-judicial powers in the settlement of co-operative disputes. Disputes relating to membership, elections, management, loans, and financial claims are referred to the Registrar or appointed arbitrators. The Registrar adjudicates disputes, passes awards, and enforces decisions. This specialized dispute resolution mechanism provides speedy, economical, and expert adjudication and preserves harmony within the co-operative system.

VIII. Powers of Recovery and Enforcement

The conferment of powers includes authority to initiate recovery proceedings against defaulting members and societies. The Registrar may attach property, garnish salaries, and take coercive measures to recover dues. He is also empowered to impose penalties, suspend officials, disqualify directors, and prosecute offenders for violations of the Act and Rules. These enforcement powers ensure discipline, deterrence, and protection of public funds.

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IX. Powers of Delegation and Administrative Control

The Registrar has the authority to delegate his powers to Additional Registrars, Joint Registrars, Deputy Registrars, and Assistant Registrars, subject to government approval. This delegation is based on territorial jurisdiction, functional specialization, and administrative convenience. The Registrar exercises administrative control over departmental officers, supervises their performance, issues circulars and instructions, and ensures uniform application of law and policy throughout the state.

X. Developmental and Advisory Powers

In addition to regulatory authority, the Registrar is entrusted with developmental and advisory functions. He promotes the formation of new societies, encourages modernization, supports weak institutions, and facilitates implementation of government schemes through co-operatives. The Registrar advises the government on policy matters, legislative reforms, and institutional restructuring. Through planning, research, and evaluation, he contributes to the continuous improvement of the co-operative sector.

2.3.10 Functional Registrars in Kerala

The administration of the co-operative movement in Kerala is highly organized and decentralized to ensure effective supervision, regulation, and development of co-operative institutions. Given the vast number and diversity of co-operative societies functioning in the state, it is not possible for a single Registrar to exercise all statutory and administrative powers. Therefore, the Kerala Co-operative Societies Act, 1969, provides for the appointment of several officers who exercise the powers of the Registrar in specific functional and territorial areas. These officers are known as Functional Registrars.

Functional Registrars are officers of the Co-operative Department on whom the powers of the Registrar are conferred either wholly or partially for particular categories of societies, regions, or functions. This system of functional distribution ensures specialization, decentralization, administrative efficiency, and speedy disposal of cases.

2.3.11 Concept and Meaning of Functional Registrars

The term “Functional Registrar” refers to officers who perform the functions of the Registrar in respect of specific subjects, classes of societies, or administrative functions. While the Registrar of Co-operative Societies remains the supreme authority, several subordinate officers such as Additional Registrars, Joint Registrars, Deputy Registrars, and Assistant Registrars exercise delegated powers as Functional Registrars.

These officers derive their authority from the Act, Rules, and Government notifications, which specify the nature, extent, and limitations of the powers conferred upon them. Functional Registrars thus act as statutory authorities within their jurisdiction, performing regulatory, supervisory, quasi-judicial, and developmental functions.

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2.3.12 Objectives of the System of Functional Registrars

The appointment of Functional Registrars is intended to achieve the following objectives:

1. Decentralization of authority to ensure effective supervision at different levels.
2. Specialization of functions for better handling of complex co-operative activities.
3. Speedy disposal of cases and reduction of administrative delays.
4. Closer supervision of societies at the grassroots level.
5. Improved administrative efficiency and responsiveness.

This system strengthens the administrative machinery and enhances the quality of governance in the co-operative sector.

2.3.13 Categories of Functional Registrars in Kerala

The functional registrar system in Kerala operates through a hierarchy of officers who exercise the powers of the Registrar in varying degrees. The main categories are:

1. Registrar of Co-operative Societies

The Registrar of Co-operative Societies (RCS) is the chief functional and statutory authority. He exercises general superintendence, control, and direction over all co-operative societies in the state. The Registrar retains the ultimate authority in matters of registration, inspection, inquiry, audit supervision, supersession, dispute settlement, recovery, and enforcement. He also has the power to delegate functions to subordinate officers and to review, revise, or cancel their orders. The Registrar thus acts as the apex Functional Registrar in the administrative hierarchy.

2. Additional Registrars

Additional Registrars are senior officers appointed to assist the Registrar at the state level. They are conferred with extensive powers over specified categories of societies or functions such as:

- ◊ State-level apex societies
- ◊ District co-operative banks
- ◊ Special type societies
- ◊ Election supervision
- ◊ Disciplinary proceedings

Additional Registrars exercise powers relating to inspection, inquiry, approval of bye-laws, conduct of elections, supersession of committees, and settlement of disputes within their jurisdiction. They also act as appellate authorities in certain matters. Their role ensures effective supervision of large and complex co-operative institutions.

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3. Joint Registrars

Joint Registrars function either at the state level or as heads of regional zones. They are entrusted with functional jurisdiction over particular regions or types of societies. Their powers generally include:

- ◊ Registration and classification of societies
- ◊ Approval and amendment of bye-laws
- ◊ Conduct of inspections and inquiries
- ◊ Supervision of elections
- ◊ Settlement of disputes
- ◊ Enforcement of statutory directions

Joint Registrars act as important intermediaries between the Registrar and district-level officers. They ensure uniform implementation of policy and law across regions and provide guidance and supervision to subordinate officers.

4. Deputy Registrars of Co-operative Societies

The Deputy Registrar (DRCS) is the principal Functional Registrar at the district level. He exercises wide statutory powers within the district and plays a crucial role in the supervision and regulation of primary and secondary co-operative societies.

The major functions of the Deputy Registrar include:

- ◊ Registration of societies and approval of bye-laws
- ◊ Conduct of routine inspections and special inquiries
- ◊ Supervision of audits and review of audit reports
- ◊ Conduct and supervision of elections
- ◊ Appointment of administrators in cases of mismanagement
- ◊ Settlement of disputes and arbitration
- ◊ Initiation of recovery proceedings

The Deputy Registrar acts as the first major statutory authority for most co-operative societies and maintains close contact with grassroots institutions. His role is vital for ensuring democratic governance, financial discipline, and legal compliance at the district level.

5. Assistant Registrars of Co-operative Societies

Assistant Registrars function mainly at the taluk or block level and perform field-level statutory and supervisory functions. They are conferred with limited but significant powers in matters such as:

- ◊ Inspection and verification of records
- ◊ Preliminary inquiries and investigations

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- ◊ Conduct of meetings and elections
- ◊ Registration of small societies
- ◊ Settlement of minor disputes
- ◊ Supervision of recovery proceedings

Assistant Registrars act as the frontline Functional Registrars and maintain continuous interaction with managing committees, secretaries, and members. They provide guidance, monitor performance, and ensure day-to-day compliance with statutory provisions.

6. Special and Functional Registrars for Specific Sectors

In Kerala, certain officers are appointed as Functional Registrars for specific sectors or functions. These may include:

- ◊ Registrar for Co-operative Banks
- ◊ Registrar for Urban Co-operatives
- ◊ Registrar for Housing Co-operatives
- ◊ Registrar for Industrial and Labour Co-operatives

These officers exercise specialized jurisdiction over particular categories of societies, considering the technical complexity and regulatory sensitivity involved. They ensure sector-specific supervision, financial stability, and regulatory compliance.

2.3.14 Need for Separating Administration from Audit

In any organization, especially in co-operative institutions and public sector bodies, sound governance depends upon effective administration and independent supervision. Two important functions in this context are administration and audit. Administration involves planning, organizing, directing, and controlling the day-to-day affairs of the organization, while audit is concerned with examining accounts, verifying transactions, and assessing the correctness, legality, and efficiency of operations.

For good governance, transparency, and accountability, it is essential that these two functions remain separate and independent. The need for separating administration from audit arises from the fundamental principle that no person or authority should audit its own work. Separation ensures objectivity, prevents misuse of power, and strengthens financial discipline.

1. Ensuring Independence and Objectivity

The foremost need for separating administration from audit is to ensure independence and objectivity in the audit process. If the same authority that manages operations also conducts or controls the audit, there is a risk of bias, concealment of errors, and manipulation of records. Independent auditors can examine accounts and transactions impartially without fear or favour.

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Separation protects auditors from administrative influence and enables them to report irregularities honestly and courageously. This independence is essential for maintaining the credibility and reliability of audit reports.

2. Preventing Conflict of Interest

Administration and audit perform fundamentally different roles. Administrators are responsible for taking decisions, executing policies, and managing resources, whereas auditors are required to examine and evaluate those very decisions and actions. If both functions are combined, a conflict of interest arises.

An officer cannot objectively review his own decisions or criticize his own mistakes. Separation eliminates this conflict and ensures that audit remains a neutral and corrective mechanism rather than a mere formality.

3. Promoting Financial Discipline and Accountability

Audit plays a crucial role in ensuring financial discipline and accountability. By independently verifying receipts, payments, assets, and liabilities, auditors detect misappropriation, fraud, waste, and inefficiency. When administration and audit are separated, administrators become more cautious and responsible in financial management, knowing that their actions will be independently examined. This promotes prudent use of funds, timely recovery of dues, proper maintenance of accounts, and strict compliance with financial rules.

4. Detecting and Preventing Fraud and Irregularities

One of the primary objectives of audit is to detect and prevent fraud and irregularities. Independent audit is an effective tool for uncovering embezzlement, manipulation of accounts, unauthorized expenditure, and misappropriation of funds. If audit is controlled by the same authority that administers funds, there is a high risk that irregularities may be concealed or ignored. Separation strengthens vigilance and acts as a powerful deterrent against corruption and financial misconduct.

5. Strengthening Transparency and Public Confidence

Co-operatives and public institutions handle funds contributed by members, depositors, and the government. Public confidence in these institutions depends largely on transparency and credibility. Independent audit assures stakeholders that accounts are properly maintained and financial statements present a true and fair view. Separation of audit from administration enhances transparency, reduces suspicion, and builds trust among members, investors, and the public. It demonstrates the institution's commitment to integrity and good governance.

6. Improving Quality and Effectiveness of Audit

Independent audit enables auditors to apply professional standards, analytical methods, and critical judgment freely. When audit is institutionally separated, auditors can focus exclusively on examination, verification, and evaluation without administrative pressures or workload. This improves the quality, depth, and effectiveness of audit. It

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also encourages adoption of modern auditing techniques, risk-based audit approaches, and performance audits that go beyond mere verification of accounts.

7. Facilitating Corrective Action and Reforms

Audit not only detects defects but also suggests improvements in systems, procedures, and controls. Independent audit reports provide valuable inputs for management and policy-makers to initiate corrective action and reforms. When administration and audit are separated, audit findings are more credible and persuasive, leading to timely rectification of defects, strengthening of internal controls, and improvement in overall efficiency.

8. Upholding Principles of Good Governance

Separation of administration from audit is a fundamental principle of good governance. It reflects the concepts of checks and balances, accountability, and rule of law.

In co-operative institutions, democratic governance requires protection of members' interests, prevention of misuse of power, and transparency in operations. Independent audit serves as an institutional safeguard against authoritarianism, nepotism, and financial abuse.

9. Legal and Institutional Requirements

Many statutes and regulatory frameworks mandate institutional separation between administration and audit. In co-operatives, audit is often entrusted to a separate audit wing or independent audit authority. This legal separation ensures uniform standards, professional competence, and statutory compliance. Such institutional arrangements protect auditors from undue influence and provide them with autonomy to perform their duties effectively.

Recap

- ◊ The Co-operative Department regulates and promotes co-operative societies.
- ◊ The Co-operative department operates at state, district, and taluk levels.
- ◊ The Minister for Co-operation provides policy leadership.
- ◊ The Registrar of Co-operative Societies is the chief statutory authority.
- ◊ Bye-laws govern the internal management of societies.
- ◊ Audit is mandatory for all co-operative societies.
- ◊ The department supervises elections to managing committees.
- ◊ Recovery powers protect public and member funds.
- ◊ Functional Registrars ensure decentralization.
- ◊ Separation of audit ensures transparency and good governance.

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Objective Questions

1. Which department regulates co-operative societies in Kerala?
2. Who is the chief statutory authority of the department?
3. Which Act governs co-operatives in Kerala?
4. Who conducts statutory audits of societies?
5. Which officer heads district-level administration?
6. Who supervises societies at the taluk level?
7. What type of power is arbitration?
8. Who approves amendments to bye-laws?
9. Which power allows removal of mismanaged committees?

Answers

1. Co-operative Department
2. Registrar of Co-operative Societies
3. Kerala Co-operative Societies Act, 1969
4. Audit Wing of the department
5. Joint/Deputy Registrar
6. Assistant Registrar
7. Quasi-judicial power
8. Registrar
9. Supersession power

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Self-assessment Questions

1. Explain the importance of the Co-operative Department in Kerala.
2. Discuss the powers of the Registrar of Co-operative Societies
3. Describe the district-level administrative structure.
4. Explain the concept of Functional Registrars.
5. Discuss the powers of supersession and arbitration.
6. Explain how co-operatives implement government schemes.
7. Evaluate the balance between control and autonomy in co-operatives.

Assignments

1. Prepare a chart showing the administrative hierarchy of the Co-operative Department in Kerala.
2. Visit a nearby co-operative society and study the role of the Assistant Registrar.
3. Analyse an audit report of a co-operative society and list key findings.
4. Conduct a case study on a dispute settled through co-operative arbitration.
5. Write a report on the role of co-operatives in implementing a government welfare scheme in Kerala.

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BLOCK 3

Co-operative Education and Training

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Unit 1
Co-operative Education and Training

Learning Outcomes

After completing this unit, the learner will be able to:

- ◊ get an idea of the importance of cooperative education and training
- ◊ explain challenges in cooperative education and training
- ◊ comprehend the origin and growth of co-operative education and training in India.

Prerequisite

A person becomes a member of a co-operative society and regularly attends meetings, but has very little knowledge about co-operative principles, member responsibilities, management practices and financial matters. After attending an education and training programme, the member understands how the society works and becomes more confident in participating in meetings and taking decisions. Similarly, employees and elected office bearers need proper training to perform their responsibilities effectively. Education creates awareness, while training develops the knowledge and skills required for practical work. This situation helps learners understand the importance of co-operative education and training, the institutional arrangements for training and development and the origin and growth of co-operative education and training in India.

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Keywords

Cooperative education, Cooperative movement, Cooperative training

Discussion

3.1.1 Importance of Education and Training

Cooperatives are institutions that combine the principles of democracy, equivalence, and mutual help with economic activity. Unlike profit-driven enterprises, cooperatives are people-centered societies where ownership, control, and benefits lie in the hands of its members. The success of cooperatives rest on not only on the pooling of resources but also on the knowledge, abilities, and values of their members, leaders, and employees. Education and training are so indispensable in ensuring that cooperatives function effectively, remain sustainable, and continue to serve as engines of socio-economic development.

The institutional arrangement training and development for cooperative in India is a well-structured, multi-tiered framework planned to cater to the educational and professional development needs of the country's cooperative sector. This system, primarily overseen by the Ministry of Cooperation, is vital for strengthening the management and overall viability of cooperative societies, from small-scale village-level societies to big national federations. The framework operates through a network of national, regional, and state-level institutions, each with a specific role.

Education and training are essential for the overall development of individuals and organizations. They help in building knowledge, improving skills, and enhancing performance. Education broadens understanding, develops critical thinking, and prepares individuals for future challenges. Training provides job-related skills, improves efficiency, and ensures that people can perform their tasks effectively. Education and training together increase productivity, improve employability, and support career growth. They help individuals adapt to technological and environmental changes, reducing errors and enhancing the quality of work. For organizations, trained employees lead to better decision-making, higher motivation, and improved competitiveness. On a societal level, education promotes awareness, responsible citizenship, and economic development.

The following are some of the importance of education and training

1. Develops knowledge and understanding
2. Improves skills and competencies
3. Increases productivity
4. Enhances employability
5. Promotes adaptability

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6. Reduces errors and accidents
7. Boosts confidence and motivation
8. Improves decision-making ability
9. Supports organizational growth
10. Encourages innovation
11. Enhances communication and teamwork
12. Supports personal development
13. Promotes socio-economic development

3.1.2 The Role of Education in the Cooperative Movement

The fifth principle of the International Cooperative Alliance (ICA) explicitly emphasises "Education, Training, and Information" as one of the guiding principles of cooperation. Cooperatives are democratic institutions where each member has one vote, irrespective of capital contribution. For such a democracy to function efficiently, members must be well-informed about their rights, duties, and the working of the organisation. Education guarantees that participation is not merely symbolic but meaningful.

If members do not understand the financial records, they cannot exercise informed control over the cooperative. Education will help bridge this gap, making cooperatives more transparent, accountable, and inclusive.

3.1.2.1 Enhancing Member Awareness and Participation

One of the important challenges in the cooperative sector is passive membership, where members continue indifferent after joining. This weakens governance and makes cooperatives weak. Through education and training, members understand the importance of active participation in meetings, elections, and business decision-making processes.

Training programs on cooperative principles and governance empower members to raise questions, contribute ideas, and hold leaders accountable. This results in a lively democratic culture that prevents monopolization of power and fosters collective ownership of decisions. Active member participation also increases trust, reduces internal disputes, and strengthens solidarity within the cooperative.

3.1.2.2 Professionalizing Management and Leadership

While cooperatives are member-driven, they also require strong leadership and efficient management to compete in present dynamic business environment. Many cooperative leaders are elected from among members who don't prior managerial expertise. Without adequate training, they may face difficulties in handling financial accounts, auditing, financial planning, or resource allocation.

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Management training equips them with the ability to fix long-term visions, develop different business strategies, and guide the cooperative through challenges such as competition, globalization, and regulatory changes. Training employees in accounting, information technology, customer service, and marketing professionalizes the cooperative structure. Professional management decreases the risk of corruption and inefficiency, thereby creating confidence among members and external stakeholders.

3.1.2.3 Building Entrepreneurial and Technical Skills

Modern cooperatives operate in varied sectors such as agriculture, banking, housing, fisheries, and handicrafts. Each sector requires specialized knowledge and technical expertise. For example, agricultural cooperatives need farmers to be trained in new and sustainable farming techniques, soil health management, irrigation practices, and market linkages. Dairy cooperatives have succeeded largely because of continuous training programme provided to farmers in milk production, veterinary care, and quality control.

Credit cooperatives require training in financial management, loan appraisal, risk assessment, digital banking etc. Worker cooperatives can benefit from vocational training that improves productivity and enhances the quality of goods and services. By imparting entrepreneurial skills, education helps cooperatives widen beyond traditional activities, explore new markets, and innovate in response to consumer needs.

3.1.2.4 Promoting Cooperative Values and Ethical Standards

The cooperative sector is a social movement guided by values of mutual help, equity, solidarity, and ethical business practices. Education and training are vital in internalizing these values among members and leaders. Without such awareness, cooperatives risk drifting towards becoming profit-centered firms , indistinguishable from conventional corporations. Training programs in cooperative philosophy, social responsibility, and ethical leadership encourage decision-making that prioritizes people over profit. Ethical education also reduces conflicts of interest, nepotism, and misuse of resources. This not only ensures long-term sustainability but also builds trust among members and the wider community.

3.1.2.5 Ensuring Adaptability and Sustainability

The economic environment is highly dynamic, influenced by global changes, technological advancement, climate change, and policy shifts. Cooperatives that fail to adapt speedily risk obsolescence. Education equips cooperatives to adjust to change and seize emerging opportunities. For example, digital literacy programs enable cooperatives to adopt e-commerce platforms and social media marketing. Training in sustainability practices inspires cooperatives to adopt renewable energy, reduce waste, and promote environmentally friendly practices.

3.1.2.6 Empowering Marginalized Communities

One of the greatest strengths of cooperatives is the ability to uplift marginalized and economically weaker sections of the society. These include farmers, landless labourers,

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artisans, and small entrepreneurs who may not otherwise have access to financial resources.

Training programs provide these groups with basic financial knowledge, and vocational skills that improve their bargaining power and independence. For instance, women's self-help groups functioning as cooperatives have successfully used training in bookkeeping, and product marketing to achieve economic empowerment and gender equality. Similarly, fishing cooperatives provide training in new fishing techniques, preservation methods, and sustainable resource management that improve livelihoods and ensure ecological balance.

3.1.2.7 Strengthening the Cooperative Movement

Education and training not only help individual cooperatives but also strengthen the cooperative movement as a whole. Informed leaders and members can lobby efficiently for supportive government policies, represent cooperatives in national and international forums, and build associations with other cooperatives. Training institutions such as cooperative colleges, universities, and federations play a crucial role in spreading cooperative philosophy and producing skilled professionals for the sector. In India, institutions like the Vaikunth Mehta National Institute of Cooperative Management (VAMNICOM) have been instrumental in capacity-building and research. Globally, organizations such as the International Cooperative Alliance promote education to strengthen the cooperative identity and vision across nations.

3.1.2.8 Challenges in Cooperative Education and Training

In spite of its importance, cooperative education and training face many challenges. In many regions, there is a lack of infrastructure, trained faculty, and adequate funding. Members may also be unwilling to attend training programs due to time constraints or lack of awareness. Training often remains limited to theoretical aspects without sufficient focus on practical applications. Addressing these challenges requires a joint effort from governments, cooperative federations, and educational institutions.

The following are some of the challenges in Cooperative education and training:-

1. Lack of Awareness : Many members are unaware of the principles, values, and benefits of the cooperative model.
2. Inadequate Training Infrastructure : Limited training centres, trainers, and resources affect the effectiveness of training programmes.
3. Insufficient Financial Support : Cooperatives often have low budgets for educational and training activities.
4. Low Participation of Members : Members may not actively attend or engage in training due to lack of motivation or time.
5. Shortage of Skilled Trainers: There is a scarcity of qualified and experienced trainers who understand cooperative management.

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6. Outdated Training Methods: Many cooperatives still use traditional teaching methods instead of modern, interactive techniques.
7. Language and Literacy Barriers: Low literacy levels among some members hinder effective learning.
8. Rapid Changes in Business Environment: Cooperatives struggle to continuously update training to match changes in technology, policies, and markets.
9. Lack of Customised Training Modules: Training is often generic and not tailored to the specific needs of different types of cooperatives.
10. Weak Monitoring and Evaluation: There is inadequate follow-up to check whether training has improved performance.
11. Limited Use of Technology: Digital tools, e-learning, and online platforms are underutilised due to poor access or skills.
12. Member Turnover: Frequent changes in membership reduce continuity in training outcomes.
13. Cultural and Social Barriers: In some areas, social norms restrict women's participation or leadership training.
14. Poor Coordination with Government and Agencies: Lack of collaboration with training institutes, government bodies, and federations limits training opportunities.

Cooperative education and training are essential for strengthening the cooperative movement, but several challenges such as limited awareness, inadequate resources, outdated methods, and low participation, continue to hinder their effectiveness. Overcoming these issues requires coordinated efforts to improve training infrastructure, adopt modern teaching techniques, ensure financial support, and design need-based programmes. By building the knowledge and skills of members and leaders, cooperatives can operate more efficiently, remain competitive, and contribute meaningfully to community development and economic growth.

3.1.2.9 Policy Support and Future Directions

For education and training to be effective, strong policy support is vital. Governments can allocate funds, establish training centres, and integrate cooperative studies into formal education. Federations should organise regular seminars, workshops, refresher courses, and exposure visits. The use of tools such as online learning platforms, webinars, and mobile-based applications can make training more accessible and cost-effective. Linking cooperative training with entrepreneurship development and digital innovation can prepare cooperatives for future challenges.

Education and training empower members to participate actively, professionalise management, build entrepreneurial skills, and strengthen cooperative values. Importantly, they ensure that cooperatives remain adaptable, inclusive, and sustainable in a rapidly

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changing world. By investing in continuous education and training, cooperatives will be able to fulfil their dual mission of economic growth and social justice.

The success of the cooperative movement will not be determined solely by financial resources or policies, but by the knowledge, skills, and commitment of its members. Therefore, education and training need to be seen not as supplementary activities but as essential investments for the success of the cooperative sector and the communities it serves.

3.1.3 Institutional Arrangement for Cooperative Training and Development

Institutional arrangements for cooperative training and development is the structured systems, organisations, and mechanisms created to build the knowledge, skills, and competencies of cooperative members, leaders, and employees. These arrangements include national and state-level training institutes, cooperative colleges, federations, government agencies, and support organisations that work together to provide education, professional training, and capacity-building programmes. By establishing a strong institutional framework, cooperatives ensure consistent learning, improved governance, and effective management, enabling them to function efficiently and contribute to socio-economic development.

The institutional arrangement for cooperative training and development in India is a multi-tiered framework designed to satisfy the educational and professional development needs of the country's vast cooperative sector. This system, primarily supervised by the Ministry of Cooperation, is crucial for strengthening the management, governance, and overall viability of cooperative societies in the country. The framework operates through a network of national, regional, and state-level institutions, each with a specialised role.

3.1.3.1 Apex and National Level Institutions

At the apex of this structure is the Ministry of Cooperation, established in 2021 to provide a devoted focus on the cooperative movement in the country. The ministry formulates policies and provides strategic direction. Under its aegis, the National Council for Cooperative Training (NCCT) serves as the main organisation for all cooperative training activities. The NCCT is responsible for organising, monitoring, and evaluating various training programs offered across the country. Its primary obligation is to build human resources for the cooperative sector by designing and implementing different courses, from short-term workshops to long-term postgraduate diplomas.

The NCCT's training efforts are led by a national-level institute and a network of regional and state-level institutes. The most important among these is the Vaikunth Mehta National Institute of Cooperative Management (VAMNICOM) in Pune. VAMNICOM is providing high-level management education, research, and consultancy services. It offers postgraduate diploma programs in management (PGDM) and conducts training for senior personnel, including top-level executives and government officials. VAMNICOM's functions include:

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- ◊ **Management Development:** Conducting short-duration administrative and management development programs for senior officials of cooperative organisations.
- ◊ **Academic Programs:** Offering full-time academic courses like the Post Graduate Diploma in Management (PGDM) to train new professionals for a career in the cooperative sector.
- ◊ **Research and Consultancy:** Undertaking research on cooperative problems and providing consultancy services to cooperative institutions to help them solve issues.

The institutional framework also includes the National Cooperative Union of India (NCUI) that is the apex organisation representing the whole cooperative movement. While it does not conduct official academic programs like VAMNICOM, the NCUI's role in cooperative education and development is paramount. Its primary functions include:

- ◊ **Member Education:** Conducting education programs for members, potential members, and office-bearers of cooperative societies for enhancing their participation and strengthening governance.
- ◊ **Policy Advocacy:** Serving as a vital link between the cooperative sector and the government, advocating for policies and legislative reforms that promote the interests of cooperatives.
- ◊ **Promotional Activities:** Organising events like the Indian Cooperative Congress and promote the cooperative identity.

3.1.3.2 Regional and State Level Institutions

To ensure a comprehensive reach, the institutional arrangement extends to the regional and state levels, where training is tailored to local needs. The NCCT operates a network of Regional Institutes of Cooperative Management (RICMs) and Institutes of Cooperative Management (ICMs) located strategically across the different states. These institutes focus on training mid-level management, departmental staff, and grassroots-level co-operators. They conduct training programs on different subjects, including cooperative management, audit and sector-specific topics like dairy, fisheries, and handloom cooperatives.

At the state level, State Cooperative Unions and State Cooperative Banks play a vital role. They work in together with the national and regional bodies to conduct training and education. State Cooperative Unions are responsible for implementing member education programs and projects at the grassroots level. This decentralised approach confirms that training reaches the vast majority of cooperative members, many of whom are in rural areas.

3.1.3.3 The Role of Other Key Organizations

Beyond the main training and education bodies, other institutions contribute considerably to the cooperative training and development cooperative ecosystem.

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The National Bank for Agriculture and Rural Development (NABARD) is a main developmental and financial institution that supports the capacity-building efforts of the cooperative sector. NABARD provides financial support to cooperative training institutes and funds various training programs, especially for rural credit and banking cooperatives. Its Cooperative Development Fund (CDF) is used for the human resource development of cooperative banking personnel.

The National Cooperative Development Corporation (NCDC), a statutory organisation under the Ministry of Cooperation, has its own training wing, the Laxmanrao Inamdar National Academy for Cooperative Research and Development (LINAC). NCDC's training initiatives concentrate on the professionalisation of cooperatives in the agriculture and allied sectors, complementing the broader training efforts of the NCCT.

3.1.3.4 Challenges and Future Directions

While the institutional arrangement for cooperative training is extensive, it faces different challenges. These include a need for modernisation of curriculum to keep pace with technological advancements, a lack of professional management in many primary cooperatives, and the need to attract and retain qualified faculty. In response, the National Cooperation Policy aims to create a more dynamic and responsive framework. Future directions for the institutional arrangement include:

- ◊ **Digitalisation and Technology Integration:** Developing a "National Cooperative Stack" to integrate cooperative databases and promote digital literacy.
- ◊ **Inclusivity and Youth Engagement:** Introducing cooperative-focused courses in schools and colleges and creating a national digital cooperative employment exchange to attract young talent.
- ◊ **Research and Innovation:** Encouraging research through incubators and Centres of Excellence to foster innovation within the sector.

The institutional arrangement for cooperative training and development in India is a multi-layered system involving the Ministry of Cooperation, NCCT, VAMNICOM, NCUI, and other state-level bodies. This framework is intended to empower cooperators with the necessary skills and knowledge, ensuring that the cooperative movement remains a powerful force for socio-economic development

3.1.4 Origin and Growth of Co-operative Education and Training in India

The origin and growth of cooperative education and training in India are basically linked to the evolution of the cooperative movement itself, with a history that can be traced back to the early 20th century. Firstly, the need for education was an afterthought, but it rapidly became evident that the success and sustainability of cooperatives depended on the knowledge and skills of their members. This realisation led to the gradual formation of a structured institutional framework for cooperative education.

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3.1.4.1 The Genesis (Pre-Independence Era)

The cooperative movement in India was initiated with the enactment of the Cooperative Credit Societies Act, 1904. This law was a response to the rural indebtedness faced by farmers and provided a legal basis for organising credit societies. The early focus was on the legal and financial aspects, with little emphasis on member education. The need for training became a necessity almost immediately, as many members and office-bearers lacked an understanding of cooperative principles.

The Maclagan Committee (1915) was a key moment. Appointed to assess the state of the cooperative movement, it emphasised that illiteracy and a lack of cooperative education were major impediments to its growth. The committee recommended the creation of an education fund and the establishment of formal training programs for cooperative staff. This marked the first official recognition of the necessity for systematic cooperative education. Following the Montague-Chelmsford Reforms of 1919, cooperation became a provincial subject, giving provincial governments the independence to formulate their own laws and educational initiatives. During this period, pioneers like Vaikunth Lal Mehta took a keen interest in this field. He was instrumental in establishing the Bombay Provincial Cooperative Institute in 1918, which converted as a forerunner in providing cooperative training. These early efforts laid the foundation for a more formal and structured approach.

3.1.4.2 Post-Independence Consolidation (1950s - 1970s)

After India's independence in 1947, cooperatives were seen as vital instruments for socio-economic development, especially in rural areas. The First Five-Year Plan (1951-56) highlighted the role of cooperatives and the need for their professionalisation. This led to a significant institutionalisation of training efforts.

In 1953, the Central Committee for Cooperative Training (CCCT) was founded jointly by the Government of India and the Reserve Bank of India. This was a turning point moment, as it established a central body for the first time to coordinate and standardise cooperative training across the nation. The CCCT was responsible for formulating a training plan and establishing a network of training institutions. The recommendations of the All India Rural Credit Survey Committee (1954) further urged this growth. The committee's report, which highlighted the weaknesses of the cooperative system, emphasised the importance of state participation and a robust training apparatus. As a result, the training work was assigned to the National Cooperative Union of India (NCUI) in 1962. The NCUI, as the apex organisation of the cooperative movement, took on the mantle of developing a framework for both member education and professional training.

A major milestone was the establishment of the Vaikunth Mehta National Institute of Cooperative Management (VAMNICOM) in 1967. Named in honour of the cooperative pioneer, VAMNICOM was envisioned as the apex institute for high-level training, research, and consultancy. It was intended to address the professional management needs of senior personnel in cooperative institutions, a gap that previous, more basic training efforts could not fill. The 1970s marked a change in philosophy, with a growing

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belief that the cooperative movement needed to manage its own education. This led to the formation of the National Council for Cooperative Training (NCCT) in 1976. The NCCT, an autonomous body under the Ministry of Cooperation (and previously under the NCUI), was given the mandate to organise, direct, and evaluate all cooperative training in the country, thereby creating a devoted and independent institutional arrangement for this purpose.

3.1.4.3 Modernization and Future Directions (1980s - Present)

From the 1980s onwards, cooperative education and training entered a new phase driven by economic liberalisation and the need for cooperatives to compete with private sector enterprises. The focus shifted from simple credit management to broader aspects of business management, marketing, financial planning, and technology adoption.

The NCCT, along with its network of Regional Institutes of Cooperative Management (RICMs) and Institutes of Cooperative Management (ICMs), began to differentiate its course offerings. New programs were introduced focusing on specific sectors like dairy, fisheries and urban cooperative banks. The curriculum was updated to include new subjects like management information systems, strategic planning, and modern governance practices.

The recent establishment of the d Ministry of Cooperation in 2021 signifies a renewed commitment from the Government of India to strengthen the cooperative movement. The ministry's "Sahkar-se-Samriddhi" (Cooperation to Prosperity) vision places a strong importance on empowering cooperatives through technology and professional management. The current institutional framework, led by the NCCT and VAMNICOM, is tasked with implementing this vision by improving digital literacy, fostering entrepreneurship, and creating a robust training ecosystem that can meet the challenges of the 21st century.

The journey of cooperative education and training in India is an evolution from a nascent, informal effort to a highly structured and multi-tiered system. From the early recognition of its importance by the Maclagan Committee to the creation of a Ministry and advanced training institutions like VAMNICOM, the growth has been steady and purposeful. This framework is a testament to the belief that for cooperatives to thrive, their members must be educated, their leaders professional, and their operations guided by good management principles.

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Recap

- ◊ Cooperatives - Combine the principles of democracy, equivalence, and mutual help with economic activity.
- ◊ ICA - International Cooperative Alliance
- ◊ Passive membership is one of the important challenges in the cooperative sector.
- ◊ VAMNICOM- Vaikunth Mehta National Institute of Cooperative Management
- ◊ Education and training empower members to participate actively, professionalize management, build entrepreneurial skills, and strengthen cooperative values.
- ◊ The Ministry of Cooperation was established in 2021.
- ◊ National Council for Cooperative Training (NCCT) serves as the main organization for all cooperative training activities.
- ◊ NCUI - National Cooperative Union of India
- ◊ NCDC -The National Cooperative Development Corporation

Objective Questions

1. What are the key principles that cooperatives combine with economic activity?
2. What does ICA stand for?
3. Which Indian institution has been instrumental in cooperative capacity-building and research?
4. In which year was the Ministry of Cooperation established in India?
5. What is the full form of NCCT?
6. What does NCUI stand for?
7. Which organization was created to promote and finance cooperative development programs in India?
8. Which international body represents and unites cooperatives worldwide?
9. What is meant by "passive membership" in cooperatives?

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Answers

1. Democracy, equivalence, and mutual help.
2. International Cooperative Alliance.
3. Vaikunth Mehta National Institute of Cooperative Management (VAMNICOM).
4. 2021.
5. National Council for Cooperative Training.
6. National Cooperative Union of India.
7. National Cooperative Development Corporation (NCDC).
8. International Cooperative Alliance (ICA).
9. A situation where members remain inactive or indifferent after joining the cooperative.

Self-assessment Questions

1. Explain how cooperatives combine the principles of democracy, equivalence, and mutual help with economic activity.
2. Discuss the role of cooperative education and training in promoting effective participation and leadership within cooperatives.
3. Describe the institutional framework for cooperative training and development in India.
4. Analyze the challenges of passive membership in cooperatives and suggest suitable measures to overcome them.
5. Examine the role and contribution of the Ministry of Cooperation and the National Cooperative Development Corporation (NCDC) in strengthening the cooperative movement in India.

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Assignments

1. Discuss the significance of education and training in strengthening cooperative values and professional management.
2. Explain the role of institutional arrangements like NCCT, VAMNICOM, and NCUI in promoting cooperative education and development in India.
3. Evaluate the problem of passive membership in cooperatives and suggest ways to encourage active participation among members.
4. Analyze the impact of the Ministry of Cooperation (established in 2021) on the growth and reform of the cooperative sector in India.
5. Write a detailed note on the contribution of NCDC in financing and promoting cooperative development programs in India.

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Unit 2
Co-operative Training Institutes

Learning Outcomes

After completing this unit, learners will be able to:

- ◊ explain the functions of various cooperative training institutions such as NCCT and NCUI.
- ◊ describe the role of the Kerala State Co-operative Union (KSCU) and Circle Co-operative Unions in organising training programs for cooperatives
- ◊ identify the objectives and activities of specialised sectoral training institutes in Kerala,
- ◊ assess the importance of the National Centre for Cooperative Education (NCCE) in the cooperative sector

Prerequisite

A newly appointed employee joins a co-operative institution and knows the basic work of the organisation but is not familiar with co-operative legislation, accounting procedures, member services and management practices. The employee attends a specialised training programme and learns these areas from experienced trainers. Similar training is provided to members, employees and office bearers through different co-operative training institutions. National and State-level institutions support the development of trained human resources for the co-operative sector. Institutions and organisations such as NCCT, NCCE, NCUI, KSCU, Circle Co-operative Unions and specialised sectoral training institutes in Kerala contribute to this process. This situation helps learners understand the role of different co-operative training institutions and the importance of the Member Education Scheme.

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Keywords

NCCT, NCCE, NCUI, KSCU, Circle Co-operative Unions

Discussion

3.2.1 NCCT

The National Council for Cooperative Training (NCCT) is a leading organisation in India, dedicated to the professionalisation and development of the cooperative sector through education and training. Established in 1976, it functions as an autonomous society under the Ministry of Cooperation, Government of India. NCCT is the body responsible for planning, coordinating, and implementing training programs for cooperative personnel and other stakeholders across the country.

The objective of NCCT is to enhance the professional management capabilities of cooperatives. Core functions of NCCT include:

i. Organising and Coordinating Training

NCCT develops and implements different types of training programs for different levels of personnel, from top-level executives to junior staff. It also plans specialized courses for board of directors of cooperative societies and government officials involved in the cooperative movement.

ii. Developing Human Resource

The council focuses on developing the skills, knowledge, and attitudes required for managing cooperative enterprises successfully. This includes training in areas such as financial management, marketing, information technology, and leadership.

iii. Research and Publications

NCCT undertakes study on various aspects of the cooperative movement to identify challenges and recommend solutions. It publishes research papers, journals, and educational materials to disseminate knowledge and best practices.

iv. Monitoring and Evaluation

NCCT is responsible for monitoring and evaluating the performance of its network of training institutes to guarantee quality and relevance of the programs.

3.2.1.1 Institutional Network

The NCCT operates through a decentralized network of institutions. At the apex is the Vaikunth Mehta National Institute of Cooperative Management (VAMNICOM) in Pune that serves as the national-level institute. VAMNICOM focuses on high-level

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management training, research, and consultancy. It conducts long-duration academic programs, including a Post Graduate Diploma in Management (PGDM), and conducts specialized training for senior functionaries.

Below VAMNICOM, the NCCT has a network of five Regional Institutes of Cooperative Management (RICMs) and fourteen Institutes of Cooperative Management (ICMs) located strategically across the country. These regional and state-level institutes cater to the training needs of cooperative personnel at the grassroots levels. They conduct short-duration courses on different subjects tailored to the specific needs of their respective regions.

3.2.1.2 Impact and Significance

The role of the NCCT is essential in strengthening the cooperative movement in India. By providing professional training, it helps to:

1. **Improve Governance**: Educating direct board members and managers on cooperative principles and sound governance practices.
2. **Enhance Financial Viability**: Equipping personnel with skills in financial management to ensure the sustainability of cooperative societies.
3. **Promote Member Participation**: Empowering members through education to take a lively role in the affairs of their cooperatives.
4. **Foster Innovation**: Encouraging the adoption of new technologies and business models to help cooperatives compete in a vibrant market.

3.2.2. NCCE

The National Centre for Cooperative Education (NCCE) is the principal educational arm of the National Cooperative Union of India (NCUI), the apex organisation representing the entire cooperative movement in India. Established in 1956, the NCCE's aim is to promote and strengthen cooperative education, particularly at the grassroots level. While institutions like the National Council for Cooperative Training (NCCT) concentrate on professional management training, the NCCE concentrates on educating and empowering the members and elected leaders of cooperative societies.

The National Centre for Cooperative Education (NCCE) is the premier training and education wing of the National Cooperative Union of India (NCUI). Established to strengthen the cooperative sector through professional training, NCCE provides systematic, need-based education and capacity-building programs for leaders, managers, and employees of cooperative societies across India. It plays a vital role in improving the efficiency, governance, and performance of cooperatives at all levels.

3.2.2.1 Objectives of NCCE

The main goal of the NCCE is to foster a strong and democratic cooperative movement by ensuring its members are well-informed and actively engaged. Its key functions include

1. Member Education

The main focus of the NCCE is to educate the vast membership of cooperatives. This includes teaching them about cooperative principles, bye-laws, their rights and duties, and the importance of active participation in the affairs of their societies. This is critical for strengthening democratic governance and accountability.

2. Leadership Development

The Centre conducts training programs for office-bearers and managing committee members of cooperative societies. These programs intend to equip them with the necessary leadership skills, knowledge of legal and financial aspects, and an understanding of their parts in the sound management of the cooperative.

3. Youth and Women's Education

The NCCE has a keen focus on engaging youth and women in the cooperative movement. It conducts programs to encourage their participation and leadership, recognising them as key drivers for the future growth of the sector.

4. Educational Material Development

The NCCE develops and publishes a lot of educational materials, including books, and manuals, in various regional languages to reach a wider audience. It also uses modern means like audio-visual aids and digital content to make learning more accessible.

5. Collaboration with State-Level Bodies

The NCCE works in collaboration with State Cooperative Unions, which act as its operational arm at the state level. These unions are implementing the NCCE's educational programs and field projects, ensuring the training reaches even the most remote areas.

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3.2.2.2 Functions of NCCE

1. Organising Training Programs : NCCE conducts a wide variety of training courses, such as:

   i. Leadership and governance training

   ii. Cooperative management programs

   iii. Financial management and accounting for cooperatives

   iv. Digital literacy and e–governance training

   v. Sector-specific programs (dairy, agriculture, fisheries, housing, credit, etc.)

2. Workshops, Seminars & Conferences : Organises national and regional workshops on policy issues, best practices, and cooperative reforms.

3. Development of Educational Material

i. Prepares manuals, training modules, handbooks, and case studies.

ii. Publishes research papers and booklets related to cooperative education.

4. Capacity Building for Women & Youth

i. Conducts special programs for women-oriented cooperatives.

ii. Encourages youth participation in cooperative entrepreneurship.

5. Collaboration with Institutions

i. Works with state cooperative unions, universities, training institutes, and international cooperative bodies.

ii. Supports exchange programs and joint training activities.

6. Research and Studies

i. Undertakes research on cooperative behaviour, performance, and challenges.

ii. Provides data to NCUI for policymaking.

3.2.2.3 Importance of NCCE in Cooperative Development

i. Strengthens Cooperative Governance

ii. Improves Professional Skills

iii. Supports National Cooperative Policies

iv. Promotes Uniform Education Standards

v. Encourages Inclusive Growth

3.2.2.4 Impact and Significance

The NCCE's work is essential for the health and sustainability of the cooperative movement in India. Without a well-informed and educated membership, cooperatives lose their democratic character and fall prey to mismanagement. By focusing on the human element, the NCCE plays a crucial role in:

i. **Democratisation of Cooperatives**: NCCE ensures that members are aware of their rights, leading to better governance and transparency.

ii. **Capacity Building**: NCCE equips leaders with the skills to run their societies efficiently and effectively.

iii. **Promotion of Cooperative Principles**: NCCE reinforces the core values of self-help, self-responsibility, democracy, equality, and solidarity, which are fundamental to the cooperative identity.

Thus, The National Centre for Cooperative Education (NCCE) acts as the backbone of cooperative training in India. By offering comprehensive, practical, and specialised

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education programs, it enhances the capabilities of cooperative institutions and ensures their sustainability in a competitive environment. NCCE also plays a pivotal role in promoting cooperative values, empowering rural communities, and supporting the overall growth of the cooperative movement.

3.2.3 The National Cooperative Union of India (NCUI)

The National Cooperative Union of India (NCUI) is the apex organisation of the Indian cooperative movement. Formed to serve as the central body for coordination, research, training, and promotion of cooperatives, NCUI plays a crucial role in strengthening cooperative institutions across various sectors such as agriculture, dairy, fisheries, housing, credit, and consumer services. As the highest cooperative organisation in the country, it acts as a bridge between cooperatives, government agencies, and international bodies to ensure the growth and sustainability of the cooperative sector.

It was established in 1929 as the All India Cooperative Institutes Association and was later renamed in 1961. The NCUI serves as the representative voice for the total cooperative sector. It acts as a bridge between the cooperative movement and the government, advocating for policies and legislation that promote its growth and development. The NCUI is responsible for promoting cooperative principles, fostering inter-cooperative relations, and undertaking a wide range of educational and developmental activities.

3.2.3.1 Objectives

The NCUI's primary objectives include:

1. **Promotional and Developmental Role**: The NCUI is the key promoter of the cooperative identity and ethos in the country. It undertakes different activities to propagate cooperative principles, values, and methods, and to raise public awareness about the cooperatives. This includes organising events like the Indian Cooperative Congress, which brings together co-operators from across the country to discuss and strategise on the movement's future.

2. **Policy Advocacy and Lobbying**: As the representative body for the cooperative movement, the NCUI lobbies the government for a conducive policy and legislative environment. NCUI provides feedback on proposed laws, suggests amendments to prevailing ones, and advocates for financial and administrative support for cooperatives. This role is important in ensuring that the interests of the cooperative sector are protected and promoted at the national level.

3. **Cooperative Education and Training**: A major part of the NCUI's work is dedicated to education and training. NCUI is the primary body responsible for member education and leadership development. Through its educational arm, the National Centre for Cooperative Education (NCCE), the NCUI conducts programs aimed at educating cooperative members, managing committee members, and youth.

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4. **Inter-Cooperative Relations**: The NCUI plays an important role in fostering relations and collaboration among cooperatives, both within the country and internationally. It represents the Indian cooperative movement at global forums, such as the International Cooperative Alliance (ICA), and promotes best practices and knowledge exchange.

3.2.3.2 Importance of NCUI

1. Acts as the national guardian of cooperative values.
2. Helps maintain uniform standards in cooperative education and training.
3. Enhances the visibility and credibility of cooperatives as a viable business model.
4. Supports government initiatives like Doubling Farmers' Income, Women Empowerment, and Digital India through cooperative channels.

3.2.3.3 Role of NCUI in India's Cooperative Movement

a. Strengthening Cooperative Governance: NCUI guides cooperatives to adopt modern management practices and transparent governance systems.
b. Building Capacity : It enhances the professional capabilities of cooperative staff and elected leaders.
c. Policy Influence: NCUI ensures that cooperative concerns are reflected in government plans, budgets, and national development policies.
d. Promoting Innovation : Encourages cooperatives to use digital tools, sustainable practices, and modern business models.
e. Empowering Rural Economy : By supporting agriculture, dairy, fisheries, and credit cooperatives, NCUI contributes to rural development and poverty reduction.
f. International Representation : Acts as India's voice in global cooperative forums.

The NCUI operates with a democratic structure. Its highest authority is the General Body, composed of representatives from many cooperative federations and societies. The General Body elects the Governing Council, which is responsible for the overall management and policy direction of the organisation. The day-to-day affairs are managed by the Chief Executive and a squad of professional staff.

The NCUI's role is significant in the context of India's large and diverse cooperative sector, which spans various industries from agriculture and credit to housing and consumer goods. By providing a combined platform, the NCUI ensures that the collective voice of these millions of cooperators is heard. It complements the work of other institutions like the National Council for Cooperative Training (NCCT) by concentrating on member education and advocacy, thereby creating a holistic ecosystem for the growth and professionalisation of the cooperative movement in India.

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3.2.4 Kerala State Cooperative Union (KSCU)

The Kerala State Cooperative Union (KSCU) is the apex organisation that has a central role in promoting, coordinating, and strengthening the cooperative movement in Kerala. It is like an umbrella organisation for all cooperative societies in the state, bridging the gap between the government, financial institutions, and cooperative societies. By facilitating education, training, research, and technical assistance, KSCU guarantees that cooperatives operate effectively, transparently, and in line with cooperative principles.

The cooperative movement in Kerala has its roots in the early 20th century, aimed primarily at supporting farmers, entrepreneurs, and workers through collective action and mutual backing. Early cooperatives focused on credit provision, agricultural development, and marketing of produce. With the growing number of cooperative societies, there arose a necessity for a state-level organisation to coordinate activities and strengthen governance.

For this need, the Kerala State Cooperative Union was established as a registered society. Its formation was an important step in the institutionalisation of the cooperative movement in Kerala. The Union was proposed as an apex body that could act as a unifying force, ensuring proper communication and coordination between different tiers of cooperatives, while also facilitating their access to government support, training, and advisory services.

History and Establishment

1. KSCU was formed to support the growth of cooperative societies and ensure that cooperative principles are effectively practised in Kerala.
2. It functions under the provisions of the Kerala Cooperative Societies Act.
3. Over the years, KSCU has developed as a professional body offering advanced cooperative education and training infrastructure through various institutions.

3.2.4.1 Objectives of KSCU

The primary objectives of the Kerala State Cooperative Union can be as follows:

1. Promotion of Cooperative Principles

KSCU highlights the values of mutual help, democratic governance, and collective growth, ensuring that all member societies adhere to the cooperative philosophy.

2. Education and Training

The Union intent to build the managerial and technical capacities of cooperative personnel, including elected members, and office bearers, through structured training programs.

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3. Technical and Managerial Support

KSCU provides guidance on accounting, auditing, legal compliance, and financial management.

4. Coordination with Government and Financial Institutions

Acting as a liaison, KSCU ensures that state schemes, subsidies, and financial support reach cooperative societies very effectively.

5. Promotion of New Cooperatives

The Union encourages the formation of new cooperative societies, guiding them through registration, operational planning, and regulatory compliance.

6. Research and Documentation

KSCU conducts studies on cooperative performance, socio-economic impact, and management practices to inform policy decisions and improve cooperative functioning.

3.2.4.2 Role and Importance of KSCU in Kerala's Cooperative Sector

a. Strengthens Cooperative Governance
b. Enhances Professional Competence
c. Supports State Government Policies
d. Promotes Inclusive Growth
e. Facilitates Sectoral Development
f. Acts as a Bridge : Connects local cooperatives with state-level organisations, banks, and government departments.

The Kerala State Cooperative Union (KSCU) plays a pivotal role in strengthening Kerala's cooperative movement through education, training, research, and advisory services. Its efforts ensure that cooperatives operate efficiently, transparently, and in alignment with cooperative principles. By empowering cooperative leaders and promoting community-based development, KSCU contributes significantly to Kerala's socio-economic progress.

3.2.5 Circle Co-operative Unions

Circle Co-operative Unions are an vital part of the co-operative movement. They act as a link between primary co-operative societies and state-level co-operative institutions. Their main purpose is to support and guide primary societies so they can work better and offer more benefits to their members.

Circle Co-operative Unions are intermediate-level cooperative bodies that operate between primary cooperative societies and the District/State Cooperative Union. Their main function is to coordinate, promote, and support cooperative societies within a specific geographical circle or cluster of villages. They play an essential role in strengthening the cooperative movement at the grassroots level by providing training, guidance, supervision, and education to primary cooperatives.

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3.2.5.1 Role of Circle Co-operative

1. Training and Support

One important role of Circle Unions is to train cooperative society members and staff. They organize workshops, seminars, and awareness programs on topics like:

- ◊ Co-operative principles
- ◊ Good governance
- ◊ Financial management
- ◊ Record keeping

This training helps members and staff make better decisions and run societies smoothly.

2. Supervision and Auditing

Circle Unions also monitor the activities of primary cooperative societies. They check financial records, review performance, and ensure that societies follow co-operative laws. Some Circle Unions help societies with internal audits and prepare them for official audits by the state authorities. This ensures transparency and protects members' interests.

3. Coordination and Representation

Circle Unions act as a link between societies and higher co-operative bodies. They collect problems and feedback from primary societies and present them to state-level institutions. This ensures that policies, funds, and development programs meet the necessities of grassroots members.

4. Specialized Sectoral Training Institutes in Kerala

Specialized sectoral training institutes are designed to provide managerial, and leadership training to members, employees, and office-bearers of primary, secondary, and apex co-operative institutions. By doing so, they ensure that co-operative societies operate competently, adopt best practices, and contribute to the socio-economic development of the state.

The primary purpose of specialized sectoral training institutes is to equip co-operative personnel with sector-specific knowledge and skills. Kerala has a wide range of co-operative sectors such as agriculture, dairy, banking, credit, housing, and consumer goods. Each sector has its unique operational challenges, regulatory requirements, and management practices. Training institutes in Kerala focus on addressing these specific needs through customised programs, workshops, and hands-on practical sessions.

5. Major Specialised Training Institutes

Functioning under the National Council for Cooperative Training (NCCT), institute of Cooperative Management operates through the Ministry of Cooperation, Government of India, Institute of Cooperative Management aim to enhance the managerial skills and efficiency of individuals working in various cooperative sectors.

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There are five Regional Institutes of Cooperative Management (RICMs) and fourteen Institutes of Cooperative Management (ICMs) spread across India. . Each institute conducts training programs, workshops, and diploma courses on topics such as cooperative management, accounting, human resource management, and computer applications. These programs help cooperative employees and members improve their professional knowledge and leadership abilities. Apart from training, the ICMs also carry out research and consultancy activities related to cooperative development. They study the performance of cooperative institutions and suggest measures to improve their functioning and governance.

3.2.6 The Co-operative Academy of Professional Education (CAPE)

The Co-operative Academy of Professional Education (CAPE) was established in 1999 by the Government of Kerala to provide quality professional education in Kerala. It operates under the control of the Co-operation Department and follows a self-financing model while maintaining high academic standards. CAPE manages several professional institutions, including engineering colleges, a management institute, and a finishing school.

The main objective of CAPE is to promote excellence in professional education, research, and training while upholding cooperative principles such as mutual help and democratic management. The institutions under CAPE offer modern infrastructure, qualified faculty, and a focus on holistic student development. Apart from academics, CAPE stresses skill development, innovation, and industry collaboration to make students globally competitive. Through its network of colleges across Kerala, CAPE have a vital role in enhancing technical and managerial education, contributing significantly to the state's human resource development. Its commitment to quality and cooperative values makes it a unique model in the field of professional education in India.

3.2.7 The Agricultural Co-operative Staff Training Institute (ACSTI)

The Agricultural Co-operative Staff Training Institute (ACSTI) is a leading institution dedicated to training and developing personnel working in the co-operative and agricultural sectors. Established to strengthen the cooperative movement, ACSTI emphasises enhancing the managerial, technical, and professional skills of employees serving in primary agricultural credit societies, cooperative banks, and other cooperative organisations. The institute offers different training programs, workshops, and seminars on topics such as cooperative management, agricultural finance, accounting, computer applications, and leadership. These programs are designed to improve efficiency, promote good governance, and ensure effective service delivery in cooperative institutions.

ACSTI also plays a vital role in educating cooperative leaders and members about modern agricultural practices, emerging technologies, and government schemes aimed

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at rural and agricultural development. With experienced faculty and well-equipped facilities, the institute provides a dynamic learning environment.

3.2.8 The Kerala Institute of Co-operative Management (KICMA)

The Kerala Institute of Co-operative Management (KICMA) is a professional management institute located at Neyyardam, Thiruvananthapuram, Kerala, India. It is governed by the State Co-operative Union (SCU), a statutory body established under the Kerala Co-operative Societies Act, 1969.

The Kerala Institute of Co-operative Management (KICMA) is a premier management institute in Kerala dedicated to providing professional education, training, and research in the cooperative sector. Established under the Kerala State Cooperative Union (KSCU), KICMA plays a crucial role in developing skilled human resources for cooperative societies, banks, and other community-based organisations. The institute combines cooperative principles with modern management practices to strengthen the cooperative movement across the state.

KICMA is primarily known for offering a full-time MBA program, which is affiliated with the University of Kerala and approved by the All India Council for Technical Education (AICTE). The institute concentrates on management education, training, research, and consultancy, especially within the co-operative sector.

The training programs in Kerala are characterised by:

i. **Practical orientation**: Hands-on sessions and field visits to ensure participants can apply theoretical knowledge in real-life operations.

ii. **Sector-specific modules** : Programs are tailored for different co-operative sectors, addressing unique challenges and operational needs.

iii. **Leadership development**: Focus on building leadership skills among elected representatives to improve governance and decision-making.

iv. **Continuous learning**: Programs are conducted regularly, keeping participants updated with the latest technologies, policies, and best practices.

v. **Research and consultancy**: Institutes often conduct studies and provide consultancy to help societies improve efficiency and member services.

3.2.8.1 Objectives of KICMA

a. Professional Education

- ◊ To provide high-quality academic programs in cooperative management, finance, and related fields.
- ◊ To prepare students for managerial and administrative roles in cooperatives and allied sectors.

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b. Training & Capacity Building

- ◊ To train employees, board members, and officials of cooperative societies.
- ◊ To enhance their skills in governance, financial management, and decision-making.

c. Research & Consultancy

- ◊ To conduct research on cooperative development, challenges, and innovations.
- ◊ To offer consultancy services to cooperative institutions for improving operations and efficiency.

d. Promotion of Cooperative Values

- ◊ To inculcate cooperative principles such as democracy, equity, and mutual help among students and trainees.

3.2.8.2 Importance of KICMA in Kerala's Cooperative Sector

a. Strengthening Human Resources
b. Enhancing Professional Standards
c. Supporting Government and KSCU Initiatives
d. Promoting Inclusive Development
e. Bridging Theory and Practice

The Kerala Institute of Co-operative Management (KICMA) is a vital institution shaping the future of Kerala's cooperative movement. Through its educational programs, training initiatives, research activities, and industry collaboration, KICMA strengthens cooperative societies and enhances their managerial professionalism. It plays a key role in preparing skilled leaders who can contribute to the cooperative sector's growth, sustainability, and societal impact.

3.2.9 Member Education Scheme in Co-operative Education and Training

The Member Education Scheme is an important part of co-operative education and training. It aims to educate members about the principles, values, rights, duties and working of co-operative societies. An informed member can participate effectively in the management and democratic functioning of the co-operative.

3.2.9.1 Objectives of the Member Education Scheme

1. Create awareness about co-operation

It helps members understand the meaning, principles and importance of the co-operative movement.

2. Explain the rights and duties of members

Members learn about their rights, responsibilities and obligations in the co-operative society.

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3. Develop democratic participation

The scheme encourages members to participate in general body meetings, elections and other activities of the society.

4. Improve understanding of co-operative management

Members gain basic knowledge about the organisation, administration and financial management of co-operatives.

5. Promote active membership

It encourages members to use the services of the society and take an active interest in its development.

6. Develop leadership qualities

Member education helps identify and develop capable members who can take leadership responsibilities.

7. Create financial awareness

Members are educated about savings, loans, investments, deposits and other financial services provided by co-operatives.

8. Promote co-operative values

It develops values such as mutual help, equality, self-help, democratic control and social responsibility.

9. Improve member–society relations

Education creates better understanding between members, employees and the management of the society.

10. Encourage responsible use of co-operative services

Members learn to use loans and other facilities properly and fulfil their financial obligations on time.

3.2.9.2 Methods of Member Education

- ◊ Member education can be provided through:
- ◊ Member education camps
- ◊ Seminars and workshops
- ◊ Study classes
- ◊ Group discussions
- ◊ Awareness programmes
- ◊ Training programmes
- ◊ Co-operative exhibitions

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- ◊ Field visits
- ◊ Printed educational materials
- ◊ Digital and online learning programmes

In short, the Member Education Scheme aims to create knowledgeable, responsible and active members who can contribute effectively to the successful and democratic functioning of co-operative societies.

Recap

- ◊ NCCT-The National Council for Cooperative Training
- ◊ NCCE -The National Centre for Cooperative Education-
- ◊ NCUI- National Cooperative Union of India
- ◊ The National Centre for Cooperative Education (NCCE) is the principal educational arm of the National Cooperative Union of India (NCUI),
- ◊ The National Cooperative Union of India (NCUI) was Established in 1929
- ◊ The Co-operative Academy of Professional Education (CAPE) was established in 1999
- ◊ ACSTI-The Agricultural Co-operative Staff Training Institute
- ◊ KICMA-The Kerala Institute of Co-operative Management

Objective Questions

1. What does NCCT stand for?
2. Which organization is the principal educational arm of NCUI?
3. When was the National Cooperative Union of India (NCUI) established?
4. What is the main function of NCCT?
5. What is the apex organization of the Indian cooperative movement?
6. In which year was the Co-operative Academy of Professional Education (CAPE) established?
7. What is the full form of ACSTI?

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Answers

1. National Council for Cooperative Training.
2. National Centre for Cooperative Education (NCCE).
3. 1929.
4. To organize, coordinate, and monitor cooperative training activities across India.
5. National Cooperative Union of India (NCUI).
6. 1999
7. Agricultural Co-operative Staff Training Institute.

Self-assessment Questions

1. Discuss the structure, objectives, and functions of the National Council for Cooperative Training (NCCT).
2. Explain the origin, functions, and significance of the National Cooperative Union of India (NCUI) as the apex body of cooperatives.
3. Describe the role of the National Centre for Cooperative Education (NCCE) in promoting cooperative awareness and capacity-building.
4. Analyze the contribution of the Co-operative Academy of Professional Education (CAPE) in promoting professional and technical education in Kerala.
5. Explain the role and objectives of the Agricultural Co-operative Staff Training Institute (ACSTI) in developing skilled manpower for the cooperative sector.

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Assignments

1. Prepare a detailed report on the organizational structure and training programs of the National Council for Cooperative Training (NCCT).
2. Write an essay on the evolution and present functions of the National Cooperative Union of India (NCUI).
3. Conduct a case study on how the National Centre for Cooperative Education (NCCE) supports capacity-building among cooperative leaders.
4. Prepare a short research note on the contribution of CAPE in professional education under the cooperative sector in Kerala.

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Committees and Commissions on Co-operatives

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Unit 1
Committees and Commission before Independence

Learning Outcomes

After completing this unit, learners will be able to:

- ◊ gain knowledge of the historical development of the co-operative movement in India
- ◊ analyse key recommendations for co-operative strengthening
- ◊ evaluate the impact of government intervention in co-operatives
- ◊ apply concepts of co-operative management and governance

Prerequisite

In the early years of the co-operative movement in India, co-operative societies were mainly developed to provide credit and support to people, particularly in rural areas. As the movement expanded, several difficulties were identified in areas such as rural credit, management, administration and the working of co-operative societies. The Government appointed committees to study these problems and suggest suitable measures. The Maclagan Committee on Co-operation in 1914 examined the development of co-operative credit, while later committees such as the Mehta Committee and Gadgil Committee considered other aspects of co-operation. Their studies provided recommendations for strengthening the co-operative movement during the pre-Independence period. This background helps learners understand the need for committees and commissions and their contribution to the development of co-operation before Independence.

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Keywords

Maclagan Committee, Mehta Committee, Gadgil committee

Discussion

Committees on co-operatives have played a decisive role in the evolution, reform, and strengthening of the co-operative movement in India. From the early stages of the movement during the colonial period to the post-independence era, the government recognized that co-operatives could not grow effectively without periodic review, expert guidance, and policy support. As a result, various committees were constituted from time to time to study the working of co-operative institutions, identify structural and operational weaknesses, and suggest suitable measures for improvement.

These committees were generally composed of experts in economics, agriculture, finance, administration, and co-operative management. Their scope of work included examining the legal framework governing co-operatives, assessing the efficiency of credit and non-credit societies, reviewing governance and management practices, and evaluating the extent of member participation and financial discipline. Special attention was given to issues such as rural credit, agricultural marketing, professionalization of management, integration of co-operatives with development programs, and reduction of excessive state control.

The recommendations of these committees had a far-reaching impact on co-operative policy and legislation in India. They led to major reforms such as state partnership in co-operatives, restructuring of the co-operative credit system, emphasis on co-operative education and training, and the promotion of democratic and autonomous functioning of co-operative institutions. Many landmark developments - including the strengthening of primary agricultural credit societies, the establishment of apex co-operative banks, and the formulation of model co-operative laws - can be traced back to the findings of these committees.

In essence, committees on co-operatives have acted as guiding instruments for the continuous development of the co-operative movement. By providing critical evaluation and constructive recommendations, they have helped co-operatives adapt to changing economic and social conditions while preserving their fundamental principles of mutual help, democratic control, and member welfare.

Various committees have been appointed from time to time to study and strengthen the co-operative movement in India. The important **committees on co-operatives** are listed below:

4.1.1 Maclagan Committee on Co-operation, 1914

The Maclagan Committee on Co-operation, appointed in 1914, was one of the most important milestones in the history of the Indian Co-operative Movement. It played a

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vital role in shaping the future of co-operative development in India, particularly at a time when the movement was still in its formative stage. The committee was established by the Government of India under the chairmanship of Sir Edward Douglas Maclagan, who was then a senior officer in the Indian Civil Service and an experienced administrator. The purpose of this committee was to evaluate the progress of the co-operative movement in India since its inception in 1904 and to make recommendations for its future development, organisation, and regulation.

The co-operative movement in India started with the enactment of the Co-operative Credit Societies Act of 1904, which was inspired by the success of similar movements in Germany and Britain. The 1904 Act aimed primarily at promoting rural credit through small co-operative credit societies to help farmers overcome their dependence on moneylenders. Although the movement showed some progress, it also faced numerous challenges, such as lack of proper supervision, inadequate training, weak organisational structures, and insufficient understanding of co-operative principles among the rural population.

By 1912, the Government of India had enacted another law, the Co-operative Societies Act of 1912, that expanded the scope of co-operation beyond credit to include non-credit societies such as marketing, consumer, and agricultural societies. After nearly a decade of co-operative experiments, it became evident that the movement lacked uniformity, professional guidance, and a appropriate administrative framework. Therefore, the Government of India decided to appoint the Maclagan Committee in 1914 to assess the situation and suggest measures for strengthening the movement.

The committee conducted a comprehensive study of the working of co-operative societies, with special emphasis on rural credit co-operatives. It examined issues such as rapid but unplanned growth, weak financial management, inadequate supervision, and lack of trained personnel. The committee observed that while the number of co-operative societies had increased significantly, their quality, stability, and efficiency were often unsatisfactory.

One of the major recommendations of the Maclagan Committee was that quality should be given priority over quantity in the development of co-operatives. It stressed the need for careful organization, proper supervision, and regular auditing of societies to ensure their long-term viability. The committee also emphasized the importance of trained staff and effective administrative control to prevent mismanagement and misuse of funds.

The Maclagan Committee further highlighted the necessity of government support and guidance, especially in the initial stages, while cautioning against excessive interference. It recommended strengthening the co-operative department and improving inspection and audit systems. These recommendations laid the foundation for a more systematic and disciplined approach to the growth of the co-operative movement in India.

Overall, the Maclagan Committee (1915) made a lasting contribution by setting clear principles for the sound development of co-operatives, focusing on stability, efficiency, and responsible expansion rather than mere numerical growth.

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4.1.1.1 Composition of the Committee

The Maclagan Committee was chaired by Sir Edward Douglas Maclagan. The committee included both British and Indian members, representing different provinces and departments. The inclusion of Indian representatives was a progressive step, as it guaranteed that the voices of local leaders and practitioners in the co-operative sector were also heard. The committee conducted extensive surveys, collected reports from provincial registrars, and visited several co-operative societies to comprehend their working and challenges.

4.1.1.2 Objectives of the Committee

The primary objectives of the Maclagan Committee were:

- ◊ To review the progress of the co-operative movement in India since 1904.
- ◊ To examine the working of co-operative societies and identify the difficulties they faced.
- ◊ To suggest administrative and legislative reforms for the effective organization and supervision of co-operatives.
- ◊ To recommend measures for training and education of co-operative leaders and members.
- ◊ To evolve a long-term strategy for the systematic development of the co-operative movement in India.

4.1.1.3 Major Recommendations of the Committee

The Maclagan Committee made several recommendations that influenced the development of co-operation in India

◊ Separate Department of Co-operation

The committee recommended the establishment of a separate department of co-operation in each province under a Registrar of Co-operative Societies. This was important for providing professional supervision and administrative support to co-operative societies.

◊ Trained Staff and Education

It highlighted the importance of training co-operative officials and educating members about co-operative principles. The committee suggested creation of training institutions and organizing member education programs to ensure the effective functioning of societies.

◊ Classification of Co-operative Societies

The committee proposed a classification of co-operatives into credit and non-credit societies. This distinction helped in better regulation and management of different types of co-operatives, such as agricultural credit societies, urban banks, consumer stores, and marketing societies.

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◊ Promotion of Central and Apex Institutions

The committee recommended the formation of Central Co-operative Banks and Apex Federations at provincial and national levels. These institutions would provide financial and organizational support to primary societies.

◊ Audit and Inspection

Regular audit and inspection of co-operative societies were suggested to ensure transparency and financial discipline. The committee emphasized that auditing should be done by trained officials under the supervision of the Registrar.

◊ Limiting Government Interference

The committee advocated for limited but constructive government involvement in co-operative sector . While the government should guide and support co-operatives, excessive control was seen as detrimental to their democratic nature.

◊ Encouragement of Agricultural Co-operation

Since agriculture formed the backbone of the Indian economy, the committee highlighted the necessity to strengthen agricultural credit societies and promote co-operative farming and marketing.

4.1.1.4 Impact of the Maclagan Committee

The recommendations of the Maclagan Committee had an impact on the growth of the co-operative movement in India. Following its report, most provinces established Departments of Co-operation and appointed Registrars of Co-operative Societies. The committee's stress on training led to the creation of several co-operative training institutions in later years.

The classification of co-operatives and the creation of central banks strengthened the institutional framework of the movement. The Maclagan Committee's vision laid the basis for the future development of co-operatives in India, and many of its principles were incorporated into subsequent co-operative policies and legislations.

The Maclagan Committee on Co-operation, 1914, occupies an important place in the history of Indian co-operation. It changed the movement from a small experiment in rural credit into a well-organized system supported by training, supervision, and structured administration. Its recommendations confirmed that co-operatives became powerful instruments for rural development, agricultural progress, and social upliftment. Even today, the legacy of the Maclagan Committee lasts to influence the policies and structure of the co-operative movement in India.

Thus the Maclagan Committee (1915) had a significant and lasting impact on the development of the co-operative movement in India. Its observations and recommendations helped correct early weaknesses and provided a more systematic direction for the growth of co-operatives.

1. **Shift from Rapid Expansion to Sound Growth**: The committee's emphasis on *quality over quantity* discouraged indiscriminate formation of co-operative

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societies and promoted the establishment of financially sound and well-managed institutions.

2. **Strengthening of Supervision and Audit** : Following its recommendations, greater importance was given to **regular inspection and compulsory audit**, which improved financial discipline, transparency, and accountability in co-operative societies.

3. **Professionalization of Co-operative Administration** : The committee highlighted the need for **trained personnel**, leading to improved staffing, better training of officials, and more efficient management practices within co-operative institutions.

4. **Improved Role of the Co-operative Department** : The co-operative department was strengthened to provide guidance, supervision, and support, helping societies function more effectively, especially in their early stages.

5. **Reduction in Failures of Co-operative Societies** : Careful organization, controlled lending, and better recovery practices reduced the number of weak and short-lived societies.

6. **Foundation for Future Co-operative Reforms** : The principles laid down by the Maclagan Committee influenced later committees and commissions, shaping co-operative policy and legislation in India.

Thus the Maclagan Committee (1915) played a crucial role in stabilizing the early co-operative movement by introducing discipline, supervision, and professionalism. Its impact ensured that co-operatives developed as viable, reliable, and member-oriented institutions, rather than merely increasing in number without strength.

4.1.2 Mehta Committee on Co-operation, 1937

The Mehta Committee on Co-operation, appointed in 1937, marked another major step in the evolution of the co-operative movement in India. Officially known as the *Committee on Co-operation in India*, it was chaired by Sir V. T. Krishnaswamy Mehta, an eminent administrator and co-operative reformer. The committee was formed to review the progress of the co-operative movement after the recommendations of the Maclagan Committee (1914) and to suggest ways to strengthen and modernize the system in light of new economic and administrative developments in the country.

The committee made a detailed study of primary agricultural credit societies, central co-operative banks, and provincial co-operative banks. It found that many co-operative institutions were financially weak due to poor management, inadequate capital base, over-dependence on government support, and lack of proper coordination between different tiers of the co-operative credit structure.

A key contribution of the Mehta Committee was its emphasis on the development of a strong and integrated co-operative banking system. It recommended improving the financial viability of co-operative banks, strengthening their resources, and ensuring

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better supervision and audit. The committee stressed the need for sound banking principles, professional management, and trained staff in co-operative institutions.

The committee also highlighted the importance of linking credit with productive purposes, particularly in agriculture, to ensure proper utilization and recovery of loans. It emphasized reducing political and administrative interference while encouraging democratic management and member participation.

Overall, the Mehta Committee on Co-operation (1937) contributed significantly to the evolution of co-operative banking in India by identifying structural weaknesses and suggesting reforms aimed at creating a more efficient, stable, and self-reliant co-operative credit system.

4.1.2.1 Background and Need for the Committee

By the 1930s, the Indian co-operative movement had expanded quickly, especially after the implementation of the *Co-operative Societies Act of 1912* and the recommendations of the Maclagan Committee. Lot of co-operative credit societies, marketing societies, and central banks had been formed. However, the movement also faced numerous difficulties such as poor financial discipline, inadequate supervision, lack of trained personnel, and increasing government interference.

The economic depression of the early 1930s weakened many co-operative societies, and numerous institutions faced liquidation. The need for a fresh review of the entire co-operative system became vital. Hence, the Government of India appointed the Mehta Committee in 1937 to study these issues and recommend measures for revitalising the movement.

4.1.2.2 Objectives of the Committee

The main objectives of the Mehta Committee were:

1. To examine the progress of co-operative institutions since the Maclagan Committee report.
2. To study the causes of the failures of co-operative societies and suggest corrective measures.
3. To recommend improvements in co-operative education, training, and leadership.
4. To suggest ways to make the co-operative movement more self-reliant and less dependent on government support.
5. To review the financial position and functioning of co-operative credit institutions and federations.

4.1.2.3 Major Recommendations of the Mehta Committee

◊ **Strengthening of Primary Societies**

The committee highlighted that the success of the co-operative movement depended on the strength of primary societies at the grassroots level. It recommended that

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cooperative societies should be built on sound financial foundations, proper member participation, and professional management.

◊ **Co-operative Training and Education**

Identifying the lack of trained staff as a major weakness, the committee recommended the establishment of co-operative training institutes and co-operative schools. It also recommended continuous education programs for members to create awareness of co-operative values and responsibilities.

◊ **Reduced Government Control**

The Mehta Committee recommended that co-operatives should be autonomous and democratic institutions rather than government-managed organizations. It recommended minimizing bureaucratic interference while maintaining effective supervision through registrars and audits.

◊ **Central Financing Agencies**

The committee recommended strengthening Central Co-operative Banks and creating Apex Co-operative Banks in each province to provide adequate financial assistance to primary societies. It also advised promoting non-credit co-operatives such as marketing, industrial, and consumers' co-operatives.

◊ **Audit and Supervision**

Regular and efficient audit systems were suggested to guarantee transparency and accountability. The committee insisted that audits should be educational and developmental, not merely punitive.

◊ **Encouragement of Agricultural Co-operation**

Since the majority of Indian people depended on agriculture, the committee supported the idea of co-operative farming, marketing, and processing to enhance rural productivity and farmers' income.

4.1.2.4 Impact and Significance

The Mehta Committee report was a milestone in the development of co-operation in India. It provided a more democratic, self-reliant, and educational direction to the movement. Its recommendations paved the way for the creation of specific training institutions such as the National Council for Co-operative Training (NCCT) and later State Co-operative Training Institutes.

The committee's emphasis on autonomy and member participation strengthened the democratic character of Indian co-operatives. It also prepared the base for the modern co-operative structure that evolved after India's independence.

The Mehta Committee on Co-operation (1937) served as a bridge between the early experimental phase of Indian co-operation and its later institutional maturity. It recognized that co-operative success depended not on government aid, but on the spirit of self-help, education, and democratic control. Its vision of self-reliant and professionally managed co-operatives continues to direct the Indian co-operative movement even today.

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Thus the Mehta Committee on Co-operation (1937) played an important role in shaping the development of the co-operative credit and banking system in India. Its findings and recommendations addressed key structural weaknesses and influenced future policy decisions.

Impact

1. **Strengthening of the Co-operative Credit Structure**:

The committee's recommendations helped in improving coordination among primary societies, central co-operative banks, and provincial co-operative banks, making the credit system more integrated.

2. **Emphasis on Sound Banking Principles:**

Greater attention was given to financial discipline, proper lending practices, and loan recovery, which improved the stability of co-operative banks.

3. **Professional Management and Training:**

The committee highlighted the need for trained and competent staff, leading to gradual professionalization of co-operative banking operations.

4. **Improved Supervision and Audit:**

Its recommendations strengthened inspection and audit mechanisms, enhancing transparency and accountability in co-operative institutions.

5. **Productive Use of Credit:**

By stressing that loans should be linked to productive purposes, the committee contributed to better utilization of agricultural and rural credit and improved repayment performance.

Significance

1. **Foundation for Co-operative Banking Reforms:**

The Mehta Committee laid the groundwork for later reforms in the co-operative banking system, especially those recommended by subsequent committees on rural credit.

2. **Reduction of Structural Weaknesses:**

It drew attention to issues such as inadequate capital, weak management, and excessive dependence on government support, prompting corrective measures.

3. **Promotion of Self-Reliance:**

The committee emphasized reducing undue government interference and encouraging democratic and autonomous functioning of co-operatives.

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4. **Contribution to Rural Economic Development:**

By improving the efficiency of co-operative credit institutions, the committee indirectly supported agricultural growth and rural development.

The Mehta Committee on Co-operation (1937) was significant for introducing reforms that strengthened the co-operative banking framework in India. Its impact is seen in the improved organisation, professionalism, and financial stability of co-operative credit institutions, making it a key milestone in the history of the Indian co-operative movement.

4.1.3 Gadgil Committee on Co-operation, 1944

The Gadgil Committee on Co-operation, established in 1944, was a milestone in the history of the co-operative movement in India. It was appointed by the Government of India under the chairmanship of Dr. D. R. Gadgil, a distinguished economist and co-operative thinker. The committee was tasked with assessing the progress and problems of co-operative societies in India. The Gadgil Committee's findings and recommendations laid the basis for post-independence co-operative policy and helped transform co-operation from a government-led initiative into a people-driven movement.

By the 1940s, the co-operative movement in India had already passed through important phases. The movement began with the Co-operative Credit Societies Act of 1904, that aimed to provide small farmers and rural artisans with institutional credit to free them from moneylenders. The Maclagan Committee (1914) and the Mehta Committee (1937) had earlier reviewed the working of co-operatives and suggested structural and administrative improvements.

By the early 1940s, many co-operative societies were weak, poorly managed, and financially unbalanced. Several had failed due to mismanagement, lack of supervision, and excessive government interference. The Second World War worsened the situation. Prices of essential goods rose sharply, rural indebtedness increased, and the economic imbalance between rural and urban areas broadened. The co-operative societies, instead of being self-reliant organizations, became dependent on government subsidies and official control.

Realizing the need for comprehensive review, the Government of India appointed the Gadgil Committee on Co-operation in 1944 to evaluate the co-operative movement's performance and suggest measures for its revival and reform.

4.1.3.1 Objectives of the Committee

The Gadgil Committee was entrusted with the following major objectives

1. To review the progress of the co-operative movement in India since the Mehta Committee report (1937).
2. To examine the causes behind the failure and inefficiency of many co-operative societies.

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3. To recommend measures for strengthening the financial and organizational structure of co-operatives.

4. To assess the nature and extent of government involvement in co-operatives and suggest reforms to ensure autonomy and self-governance.

5. To propose strategies for the education and training of co-operative officials and members.

6. To outline the future role of co-operatives in India's rural economic reconstruction.

4.1.3.2 Major Recommendations of the Gadgil Committee

The Gadgil Committee's recommendations reflected a deep understanding of rural society and economics. Its proposals were aiming to make co-operation a movement of the people rather than an administrative exercise.

◊ **Self-Reliance and Voluntary Growth**

The committee emphasized that co-operatives need to grow on the basis of voluntary participation and self-help, not government compulsion or subsidies. Dr. Gadgil claimed that the true spirit of co-operation lies in the readiness of people to come together for mutual benefit. Artificial promotion of societies through official pressure, without genuine member interest, would only lead to failure.

◊ **Democratic Management**

The committee stressed that co-operative societies should be democratically managed by their members. The principle of "one man, one vote" should be strictly followed to guarantee equality and participation. Office-bearers should be elected from among the members, and decision-making should be clear and participatory.

◊ **Limiting Government Control**

One of the important observations of the Gadgil Committee was that excessive government interference had weakened the co-operative spirit. While government guidance and support were necessity , it should not extend to control and management. The committee recommended that government officials need to play only a supervisory and advisory role, ensuring co-operatives remain autonomous.

◊ **Financial Discipline and Effective Audit**

The committee noted that financial indiscipline was the main causes of failure of co-operatives. It proposed regular, professional, and educational audits under the supervision of the Registrar of Co-operatives. Audits should not merely detect errors but also guide societies toward better financial management.

◊ **Training and Co-operative Education**

The Gadgil Committee gave great importance to training and education. It proposed the establishment of co-operative training institutions and the introduction of co-operative education. Members, office-bearers, and officials should be correctly trained in co-operative accounting, management, and principles of mutual assistance.

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◊ **Diversification and Integration of Co-operatives**

The committee recommended extending co-operation beyond credit to include marketing, consumer and agricultural societies. Co-operation should become a comprehensive tool for rural development. It recommended an integrated three-tier structure, primary societies at the village level, central co-operative banks at the district level, and apex federations at the provincial level, to guarantee coordination and efficiency.

◊ **Role in Rural Reconstruction**

Dr. Gadgil visualized co-operatives as tools of rural reconstruction and economic democracy. After World War II, India would need massive rural development programs, and co-operatives could play a key role in improving agricultural productivity, promoting small-scale industries, and uplifting rural communities.

The Gadgil Committee on Co-operation, 1944, occupies a notable place in the history of India's co-operative development. Dr. D. R. Gadgil's vision went beyond credit and finance, he saw co-operation as a way of life, rooted in self-help, and democratic participation. His recommendations aimed to free co-operatives from bureaucratic control and make them instruments of rural progress.

Impact and Significance Gadgil Committee on Co-operation (1944)

The Gadgil Committee on Co-operation (1944) was appointed to examine the role of co-operatives in India's economic development, particularly in the context of rural reconstruction and post-war planning. The committee emphasized that co-operatives should not function merely as credit institutions but as comprehensive economic organizations serving multiple needs of their members.

Impact :

1. **Diversification of Co-operative Activities:**

The committee's recommendations encouraged co-operatives to expand beyond credit into marketing, processing, consumer services, and production, reducing members' dependence on private traders and middlemen.

2. **Integration of Credit with Marketing and Processing:**

By stressing the linkage between credit, marketing, and processing, the committee improved the effectiveness of co-operative credit and ensured better repayment through increased member incomes.

3. **Strengthening Rural Economy:**

Co-operatives began to play a broader role in agricultural development, rural employment, and income generation, contributing to balanced rural growth.

4. **Promotion of Multi-Purpose Co-operatives:**

The committee supported the development of multi-purpose co-operative societies, enabling a single institution to meet diverse member needs efficiently.

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5. **Influence on Development Planning:**

Its ideas influenced early post-independence development strategies, where co-operatives were recognized as key instruments of rural development.

Significance

1. **Shift from Narrow Credit Focus:**

The Gadgil Committee marked a turning point by redefining co-operatives as agents of economic and social development, not merely lenders.

2. **Foundation for Integrated Co-operative Development:**

The concept of integrating various co-operative functions became a guiding principle for later co-operative policies and reforms.

3. **Support to Small and Marginal Farmers:**

By promoting marketing and processing co-operatives, the committee helped farmers obtain better prices and reduce exploitation.

4. **Long-Term Policy Influence:**

The committee's recommendations shaped future co-operative legislation and planning, particularly in the early Five-Year Plans.

The Gadgil Committee on Co-operation (1944) had a profound impact on the Indian co-operative movement by broadening its scope and purpose. Its emphasis on integrated, multi-purpose co-operatives strengthened the economic base of rural India and established co-operatives as vital instruments of national development.

Recap

- ◊ The Maclagan Committee was established to assess the progress of the co-operative movement
- ◊ Maclagan Committee committee recommended establishing a separate Department of Co-operation in each province.
- ◊ Maclagan Committee suggested the creation of co-operative training institutions
- ◊ Maclagan Committee recommended that the government's role should be limited
- ◊ Mehta Committee on Co-operation- 1937
- ◊ The economic depression of the early 1930s weakened many co-operative societies.
- ◊ The Mehta Committee aimed to examine the progress of co-operative institutions
- ◊ The Mehta Committee recommended reducing government control
- ◊ The Mehta Committee recommended building primary co-operatives on sound financial foundations,

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- ◊ Gadgil Committee on Co-operation- 1944
- ◊ The Gadgil Committee emphasized that co-operatives should grow based on voluntary participation

Objective Questions

1. Who chaired the Maclagan Committee on Co-operation, 1914?
2. What was one of the key recommendations of the Maclagan Committee?
3. In what year was the Mehta Committee on Co-operation formed?
4. The Gadgil Committee, 1944, was chaired by
5. What did the Gadgil Committee stress for co-operatives?
6. What was a key issue identified by the Mehta Committee in co-operatives?
7. Which of the following was recommended by the Gadgil Committee to strengthen co-operatives?
8. What was the Mehta Committee's stance on government interference in co-operatives?

Answers

1. Sir Edward Douglas Maclagan
2. Formation of central co-operative banks and apex federations
3. 1937
4. Dr. D. R. Gadgil
5. Democratic management with "one man, one vote"
6. Lack of financial discipline
7. A three-tier structure: primary societies, central banks, and apex federations
8. Government interference should be reduced

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Assignments

1. Evaluate how government involvement influenced the growth of the co-operative movement based on the recommendations of the three committees.
2. Describe the emphasis placed on co-operative training and member education by various co-operative committees and evaluate its long-term benefits.
3. Examine how the administrative framework of co-operatives developed in India from 1904 to 1944 with the help of committee recommendations.
4. Explore the Gadgil Committee's vision of co-operatives as tools of rural reconstruction and its relevance for India's rural economy.

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Unit 2
Committees and Commission after Independence

Learning Outcomes

After studying this unit, learner will be able to:

- ◊ identify the major areas studied by different committees such as laws, administration, credit, marketing, and management.
- ◊ explain how the recommendations of committees helped improve rural credit, cooperative banks, and primary societies.
- ◊ recognize the role of committees in promoting autonomy, transparency, and financial discipline in cooperatives.
- ◊ evaluate how committee recommendations contributed to the growth of farmer welfare, rural development, and economic progress.

Prerequisite

After Independence, India adopted planned economic development and gave importance to agriculture, rural credit and rural development. Co-operative institutions were expected to play an important role in these areas. As the co-operative sector expanded, different problems emerged relating to credit, administration, management, consumer co-operatives and financial support. The Government appointed several committees and commissions at different periods to examine these issues and suggest reforms. Committees such as the Gorwala Committee, Mehta Committee, Dantwala Committee, Mirdha Committee, All India Rural Credit Review Committee, Dubhashi Committee, Narasimhan Committee, Capoor Committee

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and Vaidyanathan Committee studied different aspects of the co-operative sector. Their recommendations influenced co-operative policies and institutional development at different stages. This background helps learners understand the major committees and commissions formed after Independence and the issues examined by them.

Keywords

Cooperative Reform, Gorwala Committee, - Mehta Committee, Committee on Taccavi Loans, M.L. Dantwala Committee, Mirdha R.N. Committee

Discussion

4.2.1 Gorwala Committee, 1954

After India's independence, the country embarked on a mission to build a strong and self-reliant economy through planned development. The cooperative movement was seen as a important instrument for promoting agricultural growth, rural development, and socio-economic equality. Despite its potential, the cooperative sector was facing many challenges such as poor management, corruption and lack of trained personnel. To strengthen administrative efficiency and integrity, both in public administration and the cooperative movement, the Government of India appointed many committees and commissions. One such important body was the Gorwala Committee (1954), headed by A.D. Gorwala, a distinguished Indian Civil Service officer known for his administrative reforms and commitment to ethical governance.

In the early years after independence, the government realised that efficient and honest administration was essential for the success of cooperative and developmental programs. The cooperative movement, that aimed to promote collective self-help among rural communities, was suffering from weak leadership, poor supervision, and inadequate financial control. To assess these deficiencies and suggest remedies, the Gorwala Committee was appointed in 1951, and it submitted its report in 1954.

The committee made an in-depth survey of rural credit institutions, particularly co-operative credit societies and banks, and found that they were weak, poorly organized, and unable to meet the growing credit needs of farmers. It observed that co-operatives were functioning in isolation without adequate financial backing, professional management, or strong linkages with the banking system. A landmark recommendation of the Gorwala Committee was the concept of "State partnership in co-operatives." It suggested that the state should actively participate by providing share capital, managerial support, and supervision to strengthen co-operative institutions. The committee also recommended the creation of a strong apex banking institution to support co-operative credit.

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One of the most significant outcomes of the committee's recommendations was the nationalization of the Imperial Bank of India and the establishment of the State Bank of India (SBI) in 1955, to play a leading role in rural and agricultural credit. The committee further emphasized strengthening Primary Agricultural Credit Societies (PACS), improving coordination between different tiers of the co-operative credit structure, and ensuring professional management and proper audit.

The Committee was entrusted to review the working of public administration and recommending ways to improve efficiency and accountability with a special focus on sectors such as cooperatives, which involved direct interaction between government agencies and the public. The Committee's work was pioneering, as it linked administrative reforms with the moral and ethical foundations necessary for an effective cooperative system.

4.2.1.1 The main objectives of the Gorwala Committee were as follows

- ◊ To examine the overall administrative efficiency and integrity of the government machinery, including the departments dealing with cooperatives.
- ◊ To suggest measures to strengthen accountability, transparency, and ethical standards in cooperative administration.
- ◊ To recommend ways to make cooperative societies self-reliant, democratic, and free from political influence.
- ◊ To propose reforms to improve training, supervision, and financial management within cooperative institutions.
- ◊ To recommend an integrated rural credit structure.
- ◊ To reduce dependence on moneylenders
- ◊ To suggest measures for strengthening institutional credit

4.2.1.2 Major Recommendations

1. Emphasis on Integrity and Ethics.

The Committee placed importance on integrity and ethical conduct in public administration. It highlighted that corruption and misuse of power had begun to erode public confidence in the government and cooperative institutions. It recommended the creation of a Code of Conduct for Civil Servants to guarantee honesty, impartiality, and discipline. The Committee suggested that the same ethical principles should apply to cooperative leaders and employees to maintain trust among members.

2. Vigilance and Accountability

The Gorwala Committee observed that corruption had penetrated the cooperative sector. It proposed the establishment of independent vigilance bodies to investigate cases of corruption. Regular audit and inspection systems were recommended to guarantee that cooperative societies used their funds properly and in the interests of their members.

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3. Administrative Efficiency and Professionalism

The Committee specified that inefficiency and lack of professionalism were major reasons for the weak performance of cooperatives. It suggested modernizing administrative procedures and adopting scientific management practices. The Committee recommended training programs for cooperative officials for improving their knowledge, leadership skills, and administrative capabilities. It also proposed the introduction of performance appraisal systems to evaluate the work of civil servants and cooperative employees objectively.

4. Reduction of Political Interference

The Committee expressed concern over the growing political interference in the functioning of cooperatives. It noted that cooperative societies were used as political instruments rather than as genuine community-based organizations. To protect the democratic spirit of the cooperative movement, the Committee recommended that cooperatives must operate independently, with minimal government and political involvement, while still adhering to general regulations to maintain accountability.

5. Financial Discipline and Sound Management

The Gorwala Committee stressed that financial discipline was essential for the sustainability of cooperative societies. It proposed the introduction of transparent budgeting and accounting systems, periodic financial reviews, and effective audits. The Committee also recommended the establishment of supervisory boards to oversee financial operations and prevent misappropriation of funds.

6. Training and Cooperative Education

As the success of the cooperative movement depended on the knowledge and capacity of its members, the Committee emphasized the need for cooperative education and training. It recommended the creation of training institutes to develop competent and ethical cooperative leaders who could manage institutions efficiently and in the true spirit of cooperation.

7. Public Grievance and Member Participation

The Committee advised that cooperatives must strengthen their internal democracy by ensuring member participation in decision-making. It also proposed the establishment of grievance redressal mechanisms to address complaints from members and the public quickly and fairly.

Impact of the Gorwala Committee (1954)

- ◊ Strengthened the co-operative credit structure in rural India.
- ◊ Introduced the concept of state partnership in co-operatives.
- ◊ Led to the establishment of the State Bank of India (1955) to support rural credit.
- ◊ Improved financing, supervision, and management of co-operative institutions.

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- ◊ Reduced dependence of farmers on moneylenders by expanding institutional credit.

Significance of the Gorwala Committee (1954) – In Short

- ◊ Laid the foundation for a modern and organized rural credit system.
- ◊ Strengthened Primary Agricultural Credit Societies (PACS) and co-operative banks.
- ◊ Promoted state-supported and professionally managed co-operatives.
- ◊ Enhanced agricultural development and rural economic stability.
- ◊ Influenced future co-operative policies and rural credit reforms in India.

Thus, the Gorwala Committee (1954) played a pivotal role in shaping India's rural credit system. By highlighting the weaknesses of existing co-operative institutions and recommending state participation, professional management, and stronger financial support, the committee laid the groundwork for a more efficient and reliable co-operative credit network. Its recommendations, including the establishment of the State Bank of India as an apex support institution, strengthened rural credit delivery, reduced dependence on moneylenders, and promoted agricultural development. Overall, the committee significantly contributed to the growth, stability, and modernisation of co-operatives, making them key instruments of rural economic development in India.

4.2.2 Law Committee, 1956

The Law Committee of 1956 was one of an important committee appointed by the Government of India to review and revise the existing Co-operative Societies Act and to suggest legal reforms to strengthen the cooperative movement in India. The committee's work was part of the government's broader effort to modernize and democratize India's cooperative structure, ensuring that cooperatives became more autonomous, efficient, and capable of supporting socio-economic development, especially in rural areas.

After independence, the cooperative movement was seen as a main instrument for promoting economic development and social justice. By the early 1950s, it became evident that the existing Co-operative Societies Act of 1912, that had been enacted during British rule, was outdated and inadequate to meet the changing needs of a growing and democratic India.

The committee conducted a detailed review of co-operative laws across different states and identified several shortcomings, including over-regulation by the government, lack of uniformity in laws, weak legal provisions for recovery of dues, and inadequate provisions for accountability and governance. It recommended the amendment and modernization of co-operative legislation, emphasizing the autonomy of societies, transparency in administration, and clear legal provisions for dispute resolution.

Its recommendations also focused on strengthening the role of audit, inspection, and supervision, ensuring that societies adhered to democratic principles and were financially sound. The committee advocated uniformity in co-operative laws across states while allowing flexibility to accommodate regional variations in co-operative activities.

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The Law Committee of 1956 played a crucial role in modernizing and standardizing co-operative legislation in India. Its recommendations helped provide a strong legal foundation for the co-operative movement, promoting autonomy, accountability, and effective governance, which were essential for the long-term growth and stability of co-operative societies.

4.2.2.1 The main objectives of the Law Committee were

1. To review the existing legal framework governing cooperative societies in India.
2. To identify the weaknesses and gaps in the Co-operative Societies Act, 1912, and suggest revisions.
3. To recommend measures to ensure greater autonomy, democracy, and accountability within cooperative institutions.
4. To draft a Model Cooperative Societies Act that could guide states in framing their own cooperative legislation.

4.2.2.2 Major Recommendations of the Committee

1. Democratic Functioning

The Committee emphasized that the cooperative movement should be democratic and member-driven. It recommended that all cooperative societies must conduct regular elections. Office-bearers should be accountable to members, and the principle of "one member, one vote" should be followed to ensure equality and democracy in cooperative governance.

2. Autonomy and Reduced Government Control

Another important concern of the Law Committee was the excessive government interference in cooperative affairs under the 1912 Act. The Committee recommended that cooperatives must be given more functional and financial autonomy. The government's role should be limited to guidance, supervision, and ensuring proper regulation, not direct management.

3. Legal Recognition and Registration

The Committee proposed that cooperative societies must continue to be registered under a state-level cooperative law, but the process should be simplified to encourage voluntary formation. It also recommended clear legal provisions regarding amalgamation, division, and liquidation of societies to maintain efficiency and financial soundness.

4. Audit and Accountability

The Committee highlighted the need for regular and independent audits of cooperative societies to maintain transparency and accountability. It suggested that audit reports must be made available to all members to promote openness and trust.

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5. Uniform Cooperative Law

The committee recommended drafting a Model Cooperative Societies Act to serve as a guide for state legislatures. This would help to achieve uniformity and coherence in the functioning of cooperatives across India while allowing flexibility to suit regional needs.

6. Promotion of Education and Training

The Committee specified the importance of cooperative education and training to develop competent leadership and managerial skills among cooperative members and employees.

4.2.3 Policy Resolution on Co-operation, 1958

The Policy Resolution on Co-operation, 1958 was an important document issued by the Government of India to provide a clear national framework and direction for the development of the cooperative movement. It was the first comprehensive policy statement after independence that recognized cooperatives as an important instrument for achieving the country's socio-economic objectives, particularly in rural development, agricultural progress, and social equity.

After independence, India adopted a planned economic development strategy through Five-Year Plans. The cooperative movement was an essential tool for mobilizing resources, promoting self-help among farmers, and ensuring equitable distribution of benefits. In spite of the establishment of many cooperative societies during the 1950s, their progress was uneven and slow. Many cooperatives suffered from weak management, inadequate capital, poor member participation.

To address these issues and to plan a national vision for cooperative development, the Government of India issued the Policy Resolution on Co-operation in 1958. This resolution aimed to strengthen cooperatives as democratic, autonomous, and self-reliant institutions that could support the objectives of the Second Five-Year Plan (1956–61).

4.2.3.1 The main objectives of the 1958 Cooperative Policy Resolution were

1. To define the role of cooperatives in national economic planning and rural development.
2. To strengthen the cooperative movement as an instrument of social and economic change.
3. To promote voluntary membership and democratic management of cooperative institutions.
4. To ensure government support without undermining the independence of cooperatives.
5. To encourage people's participation and self-reliance through cooperative organizations.

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4.2.3.2 Recommendations

1. Democratic and Voluntary Membership

The resolution emphasized that cooperatives must be based on the principles of voluntary membership, democratic control, and open participation. Membership must be open to all eligible individuals willing to follow cooperative principles, and elections should be held regularly to ensure member control and accountability.

2. Autonomy and Reduced Government Control

While recognizing the supportive role of the government, the resolution cautioned against excessive government interference in cooperative affairs. It stated that government departments need to provide assistance in terms of credit, training, and supervision, but the autonomy of cooperatives must be protected to preserve their democratic character.

3. Strengthening Cooperative Credit Structure

The resolution gave special importance to the cooperative credit system. It recommended developing a three-tier credit structure, comprising primary agricultural credit societies at the village level, central cooperative banks at the district level, and state cooperative banks at the state level, to meet the financial needs of farmers and rural producers.

4. Cooperative Education and Training

The policy recognized the significance of education and training in building efficient and responsible cooperative leadership. It encouraged the establishment of training institutes and cooperative education centres to improve the managerial capabilities of members and staff.

5. Role of Government and Reserve Bank of India (RBI)

The resolution encouraged coordination between the government and the Reserve Bank of India in strengthening cooperative finance. The RBI was to assist in providing credit facilities and in promoting the overall development of cooperative banking institutions.

4.2.4 Mehta Committee, 1959

The Mehta Committee of 1959 was one of the most important committees appointed by the Government of India to strengthen and reform the cooperative movement. It was chaired by R.G. Mehta, a famous expert in cooperative administration. The Committee's primary focus was on evaluating the role of cooperatives in rural development and suggesting measures to make them more efficient, and people-oriented.

By the late 1950s, the cooperative movement in India had gained importance as a tool for rural economic development. Insite of government support and rapid expansion, many cooperatives were facing serious difficulties. To address these issues

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and to improve the cooperative system, the Government of India appointed the Mehta Committee in 1958, which submitted its report in 1959. The committee's work was part of the broader effort during the Second Five-Year Plan to promote agricultural and rural development through strong and self-reliant cooperative organisations.

The main objectives of the Committee were

1. To examine the working of cooperatives in India and identify the causes of their weaknesses.
2. To recommend measures to strengthen the organisational, managerial, and financial structure of cooperatives.
3. To study the relationship between government departments and cooperative institutions.
4. To suggest ways to ensure the autonomy and democratic functioning of cooperatives.

Major Recommendations

1. Strengthening Democratic Control

The Committee emphasised that cooperatives should function on democratic principles. It recommended holding regular elections, ensuring active participation of members, and preventing political domination. The cooperative leadership should emerge from among the members and not be imposed by external forces.

2. Reducing Government Interference

The Committee advocated reduced government interference in cooperative operations. It suggested that the role of the government must be limited to providing guidance, training, and financial support while maintaining the cooperatives' autonomy and independence.

3. Financial and Managerial Reforms

The Mehta Committee observed that many cooperatives suffered from very poor financial management. It recommended the establishment of a sound audit system, professional management, and better credit policies. It suggested that the cooperative credit structure be reorganised to ensure timely and adequate financial assistance to members.

4. Training and Education

Recognising the importance of capable leadership, the Committee strongly emphasized training and cooperative education. It recommended the setting up of cooperative training centers to develop managerial and administrative skills among employees and members.

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Mehta Committee (1959) – At a Glance

- ◊ **Chairman:** Balwant Rai Mehta
- ◊ **Year:** 1959
- ◊ **Objective:** To evaluate the Community Development Programme (1952) and National Extension Service (1953) and suggest ways to ensure effective implementation of rural development through people's participation.
- ◊ **Background:**
  - ◊ India's early development efforts faced challenges due to centralized planning and weak local governance.
  - ◊ The committee was tasked with recommending a decentralized structure to involve local communities in planning and execution of development programs.
- ◊ **Key Recommendations:**

1. **Three-tier Panchayati Raj System:**
   - ◊ **Village level:** Gram Panchayat – for local development and civic issues.
   - ◊ **Block level:** Panchayat Samiti – for coordination of development activities across villages.
   - ◊ **District level:** Zila Parishad – for overall planning and supervision at the district level.
2. **Democratic elections:** Panchayati Raj bodies should be elected by local people.
3. **Active participation:** Local communities must be involved in planning and implementing development programs.
4. **Linkage with development schemes:** Panchayati Raj institutions should act as executing agencies for rural development initiatives.
5. **Capacity building:** Training and support for elected representatives to ensure efficient governance.

Significance:

- ◊ Introduced the concept of decentralized governance in India.
- ◊ Enhanced people's participation in rural development.
- ◊ Laid the foundation for the modern Panchayati Raj system, which later received constitutional backing through the 73rd Amendment (1992).

4.2.5 Committee on Consumers' Co-operatives, 1961

The Committee on Consumers' Co-operatives (1961) was an important body appointed by the Government of India to study the functioning and problems of consumer cooperative societies in the country and to suggest measures for their development. The

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Committee was set up under the Ministry of Community Development and Cooperation to strengthen the role of consumer cooperatives as a vital part of India's cooperative movement and national economy.

The major objectives of the Committee were

1. To review the progress and performance of consumer cooperative societies in India.
2. To identify the difficulties faced by these cooperatives in organization, finance, and distribution.
3. To suggest ways to improve their efficiency, management, and financial stability.
4. To recommend measures for integrating consumer cooperatives with the national economic and planning framework.

Recommendations

1. Strengthening Organizational Structure

The Committee recommended the development of a three-tier structure for consumer cooperatives , with primary societies at the local level, wholesale societies at the district or regional level, and a national federation at the apex level. This would ensure coordination and efficiency in procurement, storage, and distribution.

2. Financial Support and Capital Formation

The Committee pointed out that lack of funds was an important obstacle. It recommended that the government and cooperative banks should provide financial assistance and concessional loans to consumer cooperatives. It also encouraged members to increase their share capital contributions to strengthen the financial base.

3. Professional Management and Training

To improve performance, the Committee emphasized the need for professional management and training programs for employees and members. It recommended establishing training institutes to build skills in accounting, inventory control, and marketing.

4. Role in Price Stabilization

The Committee suggested that consumer cooperatives must play an active role in price stabilization by distributing essential commodities at fair prices. They were seen as instruments to protect consumers from market fluctuations and exploitation by private traders.

4.2.6 Committee on Taccavi Loans, 1962

The Committee on Taccavi Loans (1962) was appointed by the Government of India to review the system of Taccavi loans , a form of government loan granted to farmers ,

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and to recommend reforms to make them more effective. The Committee's work was an important step in strengthening the framework of rural credit and cooperative finance during the early years of India's planned development.

Taccavi loans (also spelled Takavi or Tagai) were introduced during the British period as a form of government assistance provided to farmers. After independence, the Indian government continued this system, intending to support small and marginal farmers.

By the early 1960s, it was found that the Taccavi loan system was inefficient and poorly implemented. The loans were often delayed, inadequately distributed, or burdened with bureaucratic procedures. Farmers were increasingly depending on private moneylenders, as institutional credit was limited. To address these issues, the Government of India appointed the Committee on Taccavi Loans in 1962 for evaluating the existing system and propose reforms.

The key objectives of the Committee were

- ◊ To examine the working and effectiveness of the Taccavi loan system.
- ◊ To identify the causes behind delays and defaults in repayment.
- ◊ To suggest ways to improve the efficiency and reach of agricultural credit.
- ◊ To explore the possibility of linking Taccavi loans with cooperative credit institutions.

Major Recommendations

- ◊ Integration with Cooperative Credit
- ◊ Simplification of Procedures
- ◊ Loan Recovery and Interest Rates
- ◊ Supervision and Utilization
- ◊ Replacement by Institutional Credit

4.2.7 Committee on Cooperative Administration, 1963

The Committee on Cooperative Administration (1963) was appointed by the Government of India to examine the administrative and managerial aspects of the cooperative movement. The objective of the committee was to improve the efficiency, autonomy, and democratic functioning of cooperative institutions, which were facing increasing bureaucratic control and declining member participation.

By the early 1960s, the cooperative movement in India had grown significantly but many cooperatives were functioning inefficiently. The Committee studied the organization, management, and supervision of cooperatives at various levels. It strongly recommended the reduction of excessive government control over cooperatives, which had undermined their democratic character. Instead, it suggested that the government should act as a facilitator and guide rather than as a controller.

One of the major recommendations of the Committee was the professionalization of cooperative management. It advocated for the appointment of trained and qualified

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personnel in cooperative institutions and for the establishment of specialized training centers to develop managerial skills in cooperative administration. The Committee suggested strengthening cooperative education and member awareness programs so that members could effectively participate in decision-making processes.

The Committee recommended the need for a clear demarcation of responsibilities between elected boards and paid managers. It proposed that elected boards must focus on policy-making and supervision, while professional managers should handle day-to-day operations. This separation, the Committee believed, would ensure accountability and operational efficiency.

Another recommendation was the reorganization of the cooperative department at the state level to ensure better coordination and monitoring. The Committee also proposed that the Registrar of Cooperative Societies should act as an advisor and promoter of cooperatives rather than as a strict regulator.

4.2.8 M.L. Dantwala Committee, 1964

The M.L. Dantwala Committee on Cooperation (1964) was appointed by the Government of India under the chairmanship of Professor M.L. Dantwala, a well-known economist and expert in rural development. The main objective of the Committee was to study the role of cooperatives in agricultural development, evaluate their performance, and recommend measures to strengthen their contribution to the rural economy.

The Committee emphasized that cooperation need to be treated as a way of life and not merely as an instrument of economic policy. It specified that cooperatives could succeed only when based on voluntary membership, democratic control, and self-help. The Committee was deeply concerned about the increasing governmental control and politicization of cooperatives, which were undermining their autonomy and community spirit. It therefore recommended that cooperatives must be free from unnecessary bureaucratic interference and should function as self-reliant organizations.

The Committee emphasized the importance of training and education in the cooperative sector. It recommended the establishment of training institutes and cooperative colleges to build managerial and technical competence among cooperative personnel. It urged for the strengthening of audit and supervision systems to ensure transparency, accountability, and sound financial management.

Professor Dantwala's Committee further advocated for cooperative diversification, encouraging cooperatives for expanding beyond credit into areas such as marketing, processing, input supply, and consumer services. This, the Committee believed, would help cooperatives become comprehensive instruments for rural development.

4.2.9 R.N. Mirdha Committee, 1964

The R.N. Mirdha Committee on Cooperative Education and Training (1964) was appointed to examine the status, needs, and future strategy of cooperative education and training in the country. The committee was chaired by Shri R.N. Mirdha, a

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eminent leader and advocate of the cooperative movement. Its formation reflected the growing realization that the success of cooperatives depended not only on financial and organizational reforms but also on the education and training of cooperative members, leaders, and staff.

The Committee emphasized that education was the backbone of the cooperative movement. It observed that the cooperative spirit would not be sustained without proper understanding of cooperative values like mutual help, democratic control, and voluntary participation. It recommended that cooperative education should be an integral and continuous process, covering members, elected leaders, employees, and the general public.

One of the important recommendations of the Mirdha Committee was the establishment of a National Council for Cooperative Training (NCCT) for coordinating all cooperative education and training programs in India. It also proposed the setting up of state-level and regional cooperative training institutes to cater to the diverse needs of cooperative personnel.

The committee's key recommendations focused on establishing regulated markets to protect farmers, strengthening cooperative marketing societies, and promoting standardisation and grading of agricultural produce. It also emphasised the need for better storage and warehousing facilities to reduce post-harvest losses and suggested the formation of marketing boards for important crops to stabilise prices and ensure fair returns. These recommendations sought to integrate farmers more directly into the marketing process and reduce their dependence on exploitative intermediaries.

The significance of the R. N. Mirdha Committee lies in its contribution to the development of a structured agricultural marketing system in India. Its suggestions led to the growth of regulated markets and cooperative marketing institutions, providing farmers with greater bargaining power and more reliable access to markets. Over time, the committee's recommendations have influenced policies that aim to ensure fair prices, improved market infrastructure, and reduced post-harvest losses, thereby strengthening India's agricultural economy.

The Committee suggested that cooperative education must be included in school and college curricula to create awareness among youth about the role of cooperatives in economic and social development. It pointed out the need for training courses for cooperative managers, secretaries, and auditors to improve professionalism and efficiency in cooperative administration. The Mirdha Committee also specified the role of publicity and mass communication in promoting the cooperative movement. It recommended the use of newspapers, radio, and films to spread cooperative ideals among rural and urban populations.

Objectives

- ◊ To examine the state of agricultural marketing in India.
- ◊ To suggest measures for improving marketing efficiency and protecting farmers from exploitation.

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◊ To recommend ways to stabilize prices and reduce post-harvest losses.

Recommendations:

1. Establish regulated markets for agricultural produce.
2. Strengthen cooperative marketing societies to ensure fair prices.
3. Promote standardization and grading of crops.
4. Develop better storage and warehousing facilities.
5. Form marketing boards for important crops to stabilize prices.

Significance:

◊ Laid the foundation for a structured and organized agricultural marketing system in India.

◊ Helped protect farmers' interests and reduce dependence on middlemen.

◊ Encouraged the growth of agricultural cooperatives in marketing and storage.

◊ Contributed to price stability, improved market access, and reduced post-harvest losses.

4.2.10 All India Rural Credit Review Committee, 1969

The All India Rural Credit Review Committee (AIRCRC) was appointed by the Reserve Bank of India in 1969 under the chairmanship of Professor B. Venkatappiah for conducting a comprehensive review of the rural credit system in India. Its purpose was to assess the progress made since the recommendations of the earlier committees, such as the All-India Rural Credit Survey Committee (1954), and to suggest measures to improve the availability, efficiency, and reach of rural credit to support agricultural and rural development.

The Committee found that while the network of cooperative credit institutions had expanded, their performance remained uneven due to weak management and limited coverage of small farmers. It noted that commercial banks had not yet played an important role in rural lending and recommended that they should actively participate in financing agriculture and rural industries. This recommendation later paved the way for the social control of banks (1968) and bank nationalization (1969), marking a turning point in rural credit policy.

The Committee mentioned the importance of developing a multi-agency approach involving cooperatives, commercial banks, and land development banks. It emphasized the need for better coordination between short-term and long-term credit institutions. it also recommended improving the supervision, audit, and training systems of cooperative credit societies to enhance their efficiency and accountability.

Another significant suggestion was the establishment of a National Bank for Agriculture and Rural Development (NABARD) to coordinate rural financing and

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development activities. The All India Rural Credit Review Committee (1969) played an important role in redefining India's rural credit policy. It emphasised broad-based institutional financing, better coordination, and professional management, laying the foundation for a more inclusive and organised rural financial system to support agricultural growth and rural prosperity.

Objectives

The All India Rural Credit Review Committee (1969), also known as the Vaidyanathan Committee, was set up to examine the rural credit system in India. Its main objectives were:

1. To review the structure and functioning of rural credit institutions in India.
2. To assess the availability and adequacy of institutional credit to farmers and rural borrowers.
3. To identify shortcomings in cooperative banks, commercial banks, and regional rural banks in providing rural credit.
4. To suggest measures for improving efficiency, outreach, and recovery in rural credit delivery.
5. To ensure that rural credit supports agricultural development and poverty alleviation.

4.2.11 Dubhashi Committee, 1972

The Dubhashi Committee on Cooperation (1972) was appointed under the chairmanship of Professor P. S. A. Dubhashi, a noted scholar and administrator, to review the role, structure, and functioning of cooperatives in the changing economic and social context of India. The Committee's objective was to strengthen the cooperative movement by ensuring greater autonomy, member participation, and professionalism in cooperative management.

The Committee emphasised that cooperatives must be treated as people's organisations based on the principles of self-help and mutual cooperation, not as extensions of government departments. It criticised the excessive intervention of the state in cooperative affairs and recommended that government involvement should be restricted to policy guidance, financial assistance, and technical support, while operational control should remain with members.

One of the main recommendations of the Committee was to ensure greater autonomy and democratic functioning of cooperatives. It proposed that elections to cooperative societies need to be conducted regularly and fairly, and that members' education and participation should be strengthened through training and awareness programs.

The Committee highlighted the need for professional management in cooperatives. It recommended the appointment of qualified managers and the introduction of modern management practices for improving efficiency and accountability. Furthermore, it

stressed the importance of audit and supervision to maintain transparency and sound financial discipline.

The Dubhashi Committee (1972) played an important role in redefining the philosophy of cooperation in India. Its recommendations are aimed at transforming cooperatives into autonomous, democratic, and professionally managed institutions, capable of contributing effectively to rural development and socio-economic justice. The Committee's vision laid the groundwork for the cooperative reforms of the later decades.

4.2.12 Madhavadas Committee, 1978

The Madhavadas Committee on Cooperative Training (1978) was appointed under the chairmanship of Shri S. T. Madhavadas, a distinguished expert in cooperative management and rural development. The Committee's objective was to review the existing system of cooperative education and training in India.

The Committee found that existing cooperative training institutions were not adequately capable of meeting the growing demands of the sector. There was insufficient coordination among national, state, and regional training centers, and the quality of training programs varied widely. The Committee recommended the creation of a comprehensive and integrated training system under the supervision of the National Council for Cooperative Training (NCCT).It also emphasised that training should be need-based and continuous, catering separately to members, elected leaders, and paid employees of cooperatives. For this purpose, it proposed the development of standardised training curricula, modern teaching methods, and the use of audio-visual and practical learning tools.

The Committee gave special attention to the Vaikunth Mehta National Institute of Cooperative Management (VAMNICOM), Pune, recommending that it should serve as the apex institution for advanced-level cooperative training, research, and consultancy. It also advised the establishment of more state and district-level training centres to ensure wider coverage.

4.2.13 Marathe Committee, 1978

The Marathe Committee on Supervision and Inspection of Primary Agricultural Credit Societies (PACS) was appointed by the Reserve Bank of India (RBI) in 1978 under the chairmanship of Shri V. T. Marathe. The Committee's main objective was to review the functioning of cooperative credit institutions, particularly Primary Agricultural Credit Societies (PACS).

The Committee found that the existing system of inspection and supervision was largely formal, outdated, and inconsistent across states. It recommended establishing a comprehensive and uniform system of supervision to ensure early detection of weaknesses and timely corrective actions. The Committee emphasised that supervision should not merely be a fault-finding exercise but should aim at improving the operational efficiency and financial health of cooperatives. One of its key recommendations was to

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introduce a three-tier inspection mechanism at the primary, district, and state levels. It also proposed the creation of a strong internal audit system within cooperative banks and societies to ensure continuous financial discipline.

The Marathe Committee stressed the need for training of inspectors and auditors to enhance their technical and managerial competence. It also suggested developing performance indicators to assess the health of PACS and grading them based on financial soundness, recovery performance, and management efficiency. The Committee highlighted the importance of coordination between NABARD, cooperative banks, and state departments to maintain consistency in supervision and policy implementation.

The Marathe Committee (1978) played a crucial role in improving the supervisory and regulatory framework of cooperative credit institutions in India. Its recommendations strengthened the institutional base of rural credit by promoting accountability, transparency, and sound financial management, ensuring that cooperatives remained effective instruments of agricultural and rural development.

4.2.14 Khusro Committee, 1989

The Khusro Committee on Agricultural Credit (1989) was appointed by the Reserve Bank of India (RBI) under the chairmanship of Dr. A. M. Khusro, The Committee's main objective was to review the agricultural credit system in India.

The Committee found that both cooperative banks and RRBs were financially weak due to mounting losses and inadequate capital. It was observed that cooperatives had failed to effectively reach small and marginal farmers, while RRBs were constrained by their small area of operation and low resource base. The Committee, therefore, recommended a comprehensive restructuring of the rural credit institutions to improve their efficiency and viability.

One of the most significant recommendations of the Khusro Committee was to review the role of RRBs. It suggested that only those RRBs that were economically viable should be allowed to continue, while the unviable ones should be either merged with their sponsor commercial banks or converted into branches. This proposal aimed at rationalising the rural banking network and avoiding duplication of efforts.

The Committee also recommended that cooperative banks should strengthen their resource mobilisation capacity, adopt better accounting systems, and improve managerial efficiency. It emphasised the need for recovery-oriented credit policies and for linking credit with production and marketing support. The Committee proposed the creation of an Agricultural Credit Stabilisation Fund to provide relief during natural calamities and crop failures.

4.2.15 Pant Committee, 1990

The Pant Committee on Cooperative Credit (1990) was appointed by the Government of India under the chairmanship of Shri T. N. Pant. The Committee observed that excessive government interference, political influence, and lack of autonomy were

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major reasons for the poor performance of cooperative institutions. It emphasised that cooperatives should function as democratic, member-driven, and financially independent organisations, not as agencies of state control. One of the key recommendations of the Pant Committee was the reorganisation and revitalisation of the three-tier cooperative credit structure. It proposed strengthening PACS as the foundation of rural credit delivery and ensuring better linkages between PACS, DCCBs, and SCBs. The Committee also recommended greater autonomy for cooperative banks in decision-making, particularly in matters of lending, staffing, and financial management.

The Committee laid special emphasis on financial discipline and loan recovery. It suggested that cooperatives must adopt strict recovery mechanisms and introduce member accountability measures to reduce non-performing assets. It proposed regular audits, improved supervision, and better training for cooperative staff and managers to enhance professionalism. Another important recommendation was the modernisation of cooperative operations through the adoption of computerisation and management information systems (MIS) to improve efficiency and transparency.

4.2.16 Capoor Committee, 2000

The Capoor Committee (2000), officially known as the Task Force on Cooperative Credit System, was appointed by the Reserve Bank of India (RBI) under the chairmanship of Shri K. Madhava Das Capoor. The Committee was set up to examine the problems faced by rural cooperative credit institutions and to recommend measures to make them viable, efficient, and self-sustaining in the changing economic environment.

The Committee found that the three-tier cooperative credit system had become financially fragile due to excessive state intervention, political interference in lending, and lack of managerial professionalism. It emphasised that the future of cooperatives depended on greater autonomy, accountability, and professional governance.

One of the key recommendations of the Capoor Committee was to reduce state government control over cooperatives and to allow them to function as independent, member-driven institutions. It proposed that elections to cooperative boards should be conducted regularly and fairly, and that management should be entrusted to qualified and trained professionals rather than politically nominated individuals. The Committee also stressed the need for financial restructuring of cooperative banks. It recommended measures such as recapitalisation of weak units, introduction of prudential norms for income recognition and asset classification, and strengthening of audit and supervision systems.

4.2.17 National Policy on Cooperatives, 2002

The National Policy on Cooperatives (2002) was formulated by the Government of India to provide a comprehensive framework for the development, strengthening, and democratisation of the cooperative movement across the country. It was approved by the Union Cabinet on March 3, 2002, in recognition of the crucial role cooperatives play in India's socio-economic development, particularly in the agriculture, credit, marketing, housing, and consumer sectors.

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The main objectives of the Policy were to

- ◊ Ensure the autonomy and independence of cooperative institutions.
- ◊ Promote member participation and democratic management.
- ◊ Encourage professionalism, transparency, and efficiency in cooperative operations.
- ◊ Reduce government interference in the internal functioning of cooperatives.
- ◊ Enhance women's participation and representation in cooperative leadership.
- ◊ Facilitate human resource development through cooperative education and training.

The Policy emphasised that cooperatives should be voluntary, member-driven, and self-governing organisations. It recommended the amendment of cooperative laws, both at the central and state levels, to ensure greater freedom and reduce bureaucratic control. It also advocated for the adoption of a Model Cooperative Law, which could serve as a guiding framework for states to promote democratic functioning. To improve financial stability, the Policy encouraged resource mobilisation, diversification of activities, and modernisation of cooperative institutions through computerisation and better management information systems (MIS). It also stressed the need for improved audit, supervision, and transparency to maintain public trust.

Special attention was given to women and weaker sections, promoting their inclusion through targeted cooperative programs and preferential access to leadership positions. The National Policy on Cooperatives marked a milestone in India's cooperative movement. It aimed to transform cooperatives into vibrant, democratic, and self-sustaining institutions, capable of contributing effectively to inclusive rural and economic development in the liberalised economic era.

4.2.18 Vaidyanathan Committee, 2004

The A. Vaidyanathan Committee (2004), officially known as the Task Force on Revival of Rural Cooperative Credit Institutions, was appointed by the Government of India in August 2004 under the chairmanship of Dr. A. Vaidyanathan, The Committee was set up to examine the structural and financial weaknesses of India's rural cooperative credit system and to recommend measures for its comprehensive revival, reform, and long-term sustainability.

Major Findings and Recommendations

- ◊ The Committee identified the root causes of the decline as:
- ◊ Excessive state control and government interference in management.
- ◊ Lack of autonomy in financial and operational decisions.
- ◊ Weak human resource development and lack of professional management.
- ◊ Inadequate capitalisation and outdated accounting systems.

To address these, the Committee proposed a three-phase strategy of revival

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Financial Restructuring

The Committee recommended a recapitalization package for financially weak PACS, DCCBs, and SCBs to eliminate accumulated losses and restore their financial viability. The total cost of recapitalization was to be shared by the Government of India, State Governments, and cooperative institutions in a prescribed ratio. Cooperatives receiving financial assistance had to undertake institutional reforms as a precondition.

Institutional and Legal Reforms

The Committee emphasized democratic management through regular elections and reduced state interference. It recommended amendments to the State Cooperative Acts to ensure that cooperatives operate as autonomous, member-controlled, and professionally managed institutions. The Committee called for computerization of accounts, improved audit systems, and transparent reporting to enhance accountability.

Capacity Building and Professionalization

The Committee stressed the need to strengthen cooperative education, training, and capacity building for both elected members and employees. It proposed the professional recruitment of managers and staff, coupled with modern management practices and performance-based accountability systems.

4.2.19 R. Radhakrishna Committee, 2006

The R. Radhakrishna Committee (2006), officially known as the Expert Committee on Rural Credit, was constituted by the Government of India and the Reserve Bank of India (RBI) under the chairmanship of Dr. R. Radhakrishna.

The Committee found that cooperative banks, despite their wide rural presence, had become weak due to political interference, poor governance, and lack of autonomy. Similarly, Regional Rural Banks (RRBs) faced problems of limited capital, overlapping jurisdictions, and poor operational efficiency. Commercial banks, on the other hand, tended to concentrate their lending in more developed regions, leaving backward areas underserved.

Key Recommendations of the Committee:

- ◊ Inclusive Credit Flow
- ◊ Strengthening Cooperative Credit
- ◊ Revitalizing RRBs
- ◊ Promotion of Microfinance and SHGs
- ◊ Risk Management

4.2.20 High Powered Committee on Cooperatives, 2009

The High Powered Committee on Cooperatives (2009) was constituted by the Government of India under the chairmanship of Smt. Surabhi Mittal (sometimes referred to as the High Powered Committee on Cooperatives under the Ministry of

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Agriculture and Cooperation) to review the status, performance, and legal framework of cooperatives in India. The main objective of the Committee was to assess the impact of economic liberalization on the cooperative movement and to recommend measures for making cooperatives autonomous, democratic, member-driven, and economically viable institutions.

The High Powered Committee on Cooperatives (2009) was constituted by the Government of India under the chairmanship of Dr. Y. K. Alagh to examine the functioning of cooperatives and suggest reforms. Its objective was to make cooperatives more autonomous, democratic, and professionally managed by reducing excessive state control, ensuring free and fair elections, strengthening financial discipline, and promoting member participation.

The committee's recommendations played a key role in providing constitutional recognition to cooperatives, leading to the 97th Constitutional Amendment Act, 2011, which inserted Part IX-B in the Constitution. This amendment aimed to ensure democratic governance, fixed tenure of boards, and professional management, thereby strengthening cooperatives as self-reliant and member-driven institutions in India.

The Committee observed that cooperatives were operating under diverse state laws, many of which restricted their independence and democratic functioning. It emphasized that cooperatives must be treated as people's voluntary organizations, not as extensions of government administration. The Committee strongly advocated for greater autonomy and self-governance, arguing that only independent cooperatives could remain sustainable in a liberalized market environment.

Key Recommendations of the Committee

Legal Reforms

The Committee recommended amending the Cooperative Societies Acts to align them with the provisions of the 97th Constitutional Amendment, ensuring autonomy, democratic elections, and professional management.

Autonomy and Democratic Governance

It stressed that regular elections, transparency in decision-making, and member participation were essential for the healthy functioning of cooperatives.

Professionalization of Management

The Committee called for recruiting trained managers and professionals, along with continuous education and training programs for cooperative personnel.

Financial Strengthening

It suggested financial restructuring, modernization of accounts through computerization, and better auditing systems to enhance accountability and efficiency.

Promotion of Women and Marginalized Groups

The Committee emphasized increasing women's participation and representation in cooperative leadership and promoting cooperatives for weaker sections.

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Significance of the High Powered Committee on Cooperatives (2009):

The High Powered Committee on Cooperatives (2009) was significant because it provided a comprehensive roadmap for reforming the cooperative sector in India. It emphasised autonomy, democratic functioning, and professional management, addressing long-standing issues such as excessive state control, political interference, weak governance, and poor financial discipline. By advocating a member-centric and transparent framework, the committee aimed to strengthen cooperatives as viable and self-reliant institutions, especially in agriculture and rural development.

Its most important contribution was laying the foundation for constitutional recognition of cooperatives, which led to the 97th Constitutional Amendment Act, 2011. This amendment institutionalised key principles such as regular elections, fixed tenure of boards, and independent audits, giving cooperatives a stronger legal status and promoting uniformity in governance across states. As a result, the committee played a crucial role in modernising and revitalising the cooperative movement in India. The significance are as follows

- ◊ Provided a comprehensive reform roadmap for strengthening the cooperative sector in India.
- ◊ Highlighted the need for autonomy and reduced state interference in cooperative functioning.
- ◊ Emphasized democratic governance, including free and fair elections and fixed tenure of boards.
- ◊ Promoted professional management and improved financial discipline in cooperatives.
- ◊ Strengthened the member-driven and participatory nature of cooperatives.
- ◊ Laid the foundation for constitutional recognition of cooperatives.
- ◊ Directly influenced the 97th Constitutional Amendment Act, 2011 (Part IX-B of the Constitution).
- ◊ Helped modernize and revitalize cooperatives as self-reliant institutions, especially in rural and agricultural sectors.

Impact of the High Powered Committee on Cooperatives (2009):

- ◊ Led to constitutional recognition of cooperatives through the 97th Constitutional Amendment Act, 2011.
- ◊ Introduced Part IX-B of the Constitution, ensuring democratic governance of cooperatives.
- ◊ Strengthened autonomy and self-governance of cooperative institutions.
- ◊ Ensured regular, free, and fair elections with fixed tenure of cooperative boards.
- ◊ Improved transparency and accountability through mandatory audits.
- ◊ Encouraged professional management and financial discipline in cooperatives.

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- ◊ Reduced excessive state control and political interference.
- ◊ Promoted uniformity in cooperative laws across states.
- ◊ Enhanced the role of cooperatives in rural development, agriculture, and inclusive growth.

4.2.21 Narasimhan Committee Report, 1991

The Narasimhan Committee Report of 1991, formally known as the Committee on the Financial System (CFS), is regarded as a landmark in the history of financial sector reforms in India. Chaired by former RBI Governor M. Narasimham, the committee was constituted by the Government of India to examine the existing financial system and recommend a comprehensive framework to enhance its efficiency, productivity, competitiveness, and stability. The report laid the foundation for liberalizing and modernizing India's banking and financial architecture in the post-1991 economic reform era.

One of the central observations of the committee was that India's financial system had become excessively regulated, fragmented, and operationally weak. The dominance of government ownership, administered interest rates, directed credit programs, and poor asset quality had undermined the performance of banks and financial institutions. The committee emphasized the need to shift from a regime of bureaucratic control to one based on prudential regulation, market discipline, and professional management.

A major recommendation was the reduction of statutory pre-emptions, particularly the Statutory Liquidity Ratio (SLR) and Cash Reserve Ratio (CRR), which had severely restricted the lendable resources of banks. The committee suggested gradually lowering SLR to 25% and CRR to 10% to improve liquidity and enhance the credit-creating capacity of banks. It also proposed a rationalization of interest rate controls, recommending a greater role for market-determined rates to promote financial efficiency.

The committee stressed the importance of strengthening prudential norms, especially in areas such as income recognition, asset classification, and provisioning for bad loans. It recommended adopting international best practices and the Basel capital adequacy standards. The introduction of capital adequacy norms, including the 8% Capital to Risk Weighted Assets Ratio (CRAR), was a direct outcome of these recommendations. The committee also urged greater transparency in financial statements and stricter supervision to ensure sound banking practices.To improve the health and autonomy of banks, the committee advocated reducing government interference in daily operations. It proposed the creation of autonomous banking boards, professionalization of management, and enhancement of accountability. It also recommended allowing private sector participation, recapitalization of weak banks, and enabling banks to access capital markets for raising funds.

Another key contribution was the proposal to restructure the banking system into a tiered structure, consisting of 3–4 large international banks, 8–10 national banks, and a broad network of regional and local banks. The committee also emphasized developing stronger financial institutions, deepening the money market and government securities

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market, and establishing sound mechanisms for debt recovery, such as special tribunals.

In the area of directed credit, the committee advocated narrowing the scope of priority sector lending and focusing it on truly deserving segments. It also stressed the need to support rural credit institutions while ensuring their financial viability. The Narasimhan Committee Report, 1991 played a transformative role in liberalizing India's financial sector. Its recommendations laid the groundwork for modern banking practices, improved stability, and enhanced competitiveness, shaping the financial landscape for decades to come.

Major Recommendations of the Narasimhan Committee Report, 1991

- ◊ Reduction in SLR and CRR to free resources for productive lending.
- ◊ Introduction of prudential norms for income recognition, asset classification, and provisioning.
- ◊ Capital adequacy norms to be adopted in line with international (Basel) standards.
- ◊ Reduction of government ownership and greater operational autonomy for public sector banks.
- ◊ Entry of private sector banks to promote competition and efficiency.
- ◊ Phasing out of directed credit programs and rationalization of priority sector lending.
- ◊ Strengthening banking supervision through an independent regulatory framework.
- ◊ Improvement in asset quality by addressing Non-Performing Assets (NPAs).
- ◊ Professionalization of bank management and adoption of modern banking practices.

Recap

- ◊ After Independence, cooperatives were seen as key instruments for rural development and socio-economic equality.
- ◊ Many cooperatives faced problems such as corruption, weak management, and political interference.
- ◊ The Gorwala Committee focused on ethics, integrity, vigilance, professionalism, and reducing political interference.
- ◊ The Law Committee highlighted the need for democratic functioning, autonomy, and uniform cooperative laws.
- ◊ The Policy Resolution of 1958 emphasized voluntary membership and strong cooperative credit structures.
- ◊ The Mehta Committee stressed democratic control, reduced government interference, and better financial management.

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- ◊ The Consumers' Cooperatives Committee suggested a three-tier structure and professional management.
- ◊ The Taccavi Loans Committee recommended reforms in agricultural credit delivery and simplifying loan procedures

Objective Questions

1. Which committee highlighted corruption and recommended a Code of Conduct for public officials?
2. Which committee focused on revising the outdated Cooperative Societies Act, 1912?
3. Which policy document first outlined a national cooperative strategy after independence?
4. Which committee emphasized the importance of democratic control and member participation?
5. Which committee recommended a three-tier structure for consumer cooperatives?
6. Taccavi loans were related to which sector?
7. Which committee stressed professionalization and clear division between elected boards and paid managers?
8. Which committee believed cooperation should be a way of life, not just an economic tool?

Answers

1. Gorwala Committee
2. Law Committee, 1956
3. Policy Resolution on Cooperation, 1958
4. Mehta Committee, 1959
5. Committee on Consumers' Cooperatives, 1961
6. Agricultural / Farmer credit
7. Committee on Cooperative Administration, 1963
8. M.L. Dantwala Committee, 1964

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Assignments

1. Explain how the Gorwala Committee, Cooperative Administration Committee, and Dantwala Committee improved cooperative administration.
2. Explain how changes in cooperative laws improved today's cooperative functioning.
3. Explain how the Mirdha Committee, Madhavadas Committee, and High Powered Committee improved cooperative training.
4. Explain the conflict between government control and cooperative independence.
5. Use ideas from Mehta Committee, Dubhashi Committee, Pant Committee, and Capoor Committee.
6. Explain how the Marathe Committee, Khusro Committee, Vaidyanathan Committee, and Narasimhan Committee improved cooperative finance.

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5

BLOCK

Co-operatives and Dimensions

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Unit 1
Dimensions of Co-operatives

Learning Outcomes

After completing this unit, the learner will be able to:

- ◊ explain the different dimensions of co-operatives and their relevance to organizational functioning.
- ◊ distinguish between single-purpose, multipurpose, and multifunctional co-operatives.
- ◊ describe unitary and federal co-operative structures and their operational features.
- ◊ analyse the concepts of designer and greenhouse co-operatives and their developmental characteristics.
- ◊ evaluate major financial issues faced by co-operatives in mobilizing and managing funds.

Prerequisite

A group of farmers starts a co-operative society mainly to market their vegetables together. In the beginning, the society performs only one major activity, which is the collective marketing of agricultural products. Later, the members decide to purchase seeds and fertilisers together, arrange storage facilities and provide transportation. The society therefore begins to perform several activities for the benefit of its members. As the organisation grows, it must also consider how it will raise funds, serve its members, compete in the market and maintain ethical standards. The interests of members and the business activities of the society have to be considered together. This situation helps learners understand single-purpose and multipurpose co-operatives, different organisational forms, financing issues and the member, enterprise and ethical dimensions of a co-operative.

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Keywords

Democratic Participation , Multipurpose Co-operatives ,Ethical Dimension

Discussion

5.1.1 Dimensions of Co-operatives

The dimensions of co-operatives refer to the broad areas or aspects through which co-operatives function and contribute to their members and society. These dimensions explain how co-operatives operate not only as economic enterprises but also as social, democratic, and developmental institutions. They highlight the multi-faceted nature of co-operatives in promoting mutual help, inclusive growth, and sustainable development. In general, the dimensions cover economic activities, social welfare, democratic governance, educational development, and ethical values, showing that co-operatives balance business objectives with member welfare and community development.

Co-operatives function on democratic principles and aim to fulfil the common needs of their members through joint effort. One important dimension for classifying co-operatives relates to the scope of activities they perform. Based on this, they can be broadly divided into Single-Purpose Co-operatives and Multipurpose Co-operatives. This distinction helps in understanding their operational structure, resource requirements, managerial complexity, and developmental role.

5.1.2 Single-Purpose Co-operatives

Single-purpose co-operatives are organisations that focus on a single objective or a specialised activity. Their operations revolve around one primary function, such as providing credit, marketing agricultural produce, supplying consumer goods, dairy processing, or offering housing facilities. Because they engage in only one service area, these co-operatives usually have a simple administrative setup, clear goals, and focused strategies. This specialisation allows them to develop expertise in their chosen field and deliver efficient, high-quality service.

Examples include Primary Agricultural Credit Societies (PACS), which provide short-term and medium-term loans to farmers; Dairy co-operatives, which collect, process, and market milk; and Consumer co-operatives, which supply essential goods at fair prices. Their major advantages include easier supervision, faster decision-making, reduced operational complexity, and lower financial risk due to a clear business focus.

The limitations of single-purpose co-operatives become visible when the needs of members expand. Since they cater to only one type of service, members may be compelled to approach multiple agencies for other support needs. Moreover, these co-operatives may become vulnerable to economic fluctuations affecting their single

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domain, and their growth potential may remain limited due to narrow functional scope.

5.1.2.1 Objectives of Single-Purpose Co-operatives

Single-purpose co-operatives are formed to serve one specific need of their members. The main objectives are:

1. To fulfil a specific economic need: These co-operatives focus on a single activity such as credit, marketing, production, or consumption to directly benefit members.
2. To provide specialised and efficient services: By concentrating on one function, they ensure better efficiency, expertise, and quality of service.
3. To eliminate middlemen and exploitation: They protect members from unfair practices by providing goods, services, or finance directly.
4. To reduce cost and increase member benefits: Bulk operations and collective effort help lower costs and increase returns to members.
5. To improve the economic condition of members: They help members increase income, savings, and financial stability.
6. To encourage mutual help and cooperation: Members work together for common benefit, strengthening unity and self-reliance.
7. To promote simplicity in management: Limited objectives result in easy administration and effective control.

These objectives make single-purpose co-operatives efficient, focused, and member-oriented institutions.

5.1.3 Multipurpose Co-operatives

Multipurpose co-operatives, on the other hand, offer a wide range of services under one umbrella. They aim to address various needs of members, economic, social, and developmental through integrated functions. These co-operatives combine services such as credit, marketing, supply of agricultural inputs, storage, processing, consumer goods distribution, and even welfare activities. Their holistic approach makes them especially relevant in rural and tribal areas where people depend on multiple forms of assistance.

Examples include Service Co-operatives, LAMPS (Large-Sized Adivasi Multi-Purpose Societies), Farmers' Service Societies (FSS), and Urban Co-operative Banks offering both savings and credit services. Multipurpose co-operatives promote all-round development by acting as a single window for financial, marketing, and consumption needs. They help reduce transaction costs, support productivity enhancement, and ensure better market linkages for members.

These co-operatives require efficient management, trained manpower, advanced accounting systems, and substantial financial resources. The complexity of handling

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multiple activities simultaneously often leads to coordination challenges. If governance is weak, there is greater risk of mismanagement and resource leakages. Thus, strong leadership, professional management, and member participation are essential for their success.

The distinction between single-purpose and multipurpose co-operatives highlights the diversity within the co-operative movement. While single-purpose co-operatives excel in specialisation and operational simplicity, multipurpose co-operatives support holistic development by offering integrated services. Choosing the right model depends on member needs, local economic conditions, and institutional capacity. Together, both forms contribute significantly to strengthening the co-operative sector and improving socio-economic conditions in India.

5.1.3.1 Characteristics of Multipurpose Co-operatives

Multipurpose co-operatives are organisations that perform several economic activities for the benefit of their members. Their primary aim is to provide multiple services related to production, consumption, and marketing under one roof. This type of co-operative is especially useful in rural and tribal areas where people need a range of economic services but do not have easy access to different institutions.

Focus on Economic Services

They mostly deal with credit supply, distribution of seeds and fertilisers, purchase of agricultural produce, storage and warehousing, consumer supply, and sometimes processing activities.

Integration of Member Needs

Instead of forming separate societies for credit, marketing, or inputs, a multipurpose co-operative combines these services to provide convenience and reduce cost.

Operational Efficiency

By offering various economic services from a single point, transaction time and expenses are reduced for members.

5.1.3.2 Benefits

One-Stop Service Delivery

Multipurpose co-operatives offer different services, credit, inputs, marketing, storage, and consumer goods, through a single organisation. This saves members from visiting multiple agencies and reduces time, effort, and administrative costs. Farmers and rural households get all essential services under one roof, making their economic activities smoother and more convenient.

Easy Access to Credit and Inputs

Members receive timely credit for agricultural and business needs at reasonable interest rates. These co-operatives also supply seeds, fertilisers, pesticides, and tools,

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ensuring that farmers have access to essential inputs. This timely support improves productivity, reduces dependence on moneylenders, and strengthens financial security.

Better Marketing and Fair Prices

Multipurpose co-operatives help members in marketing their produce by offering procurement, grading, storage, and sale facilities. By eliminating middlemen, they ensure that farmers get fair and remunerative prices. They also help reduce post-harvest losses through proper storage and processing support.

Reduced Transaction Costs

Because the co-operative handles multiple activities credit, supply, marketing, and consumer services members save on transportation, commissions, and service charges. Buying in bulk and selling in groups reduces the individual cost burden, making operations more efficient and economical.

Strengthening Rural Economy

By providing various services, multipurpose co-operatives stimulate economic activity in villages. They encourage agriculture, small businesses, dairy, and local industries. This leads to increased income, employment opportunities, and overall rural development. They help reduce rural poverty and promote sustainable growth.

5.1.4 Multifunctional Co-operatives

Multifunctional co-operatives extend beyond economic services and undertake a broader set of economic, social, cultural, and community-oriented activities. Their objective is not only to improve the financial position of members but also to promote holistic social development. Multifunctional co-operatives are co-operative societies established to perform more than one function for the benefit of their members. Unlike single-purpose co-operatives, they provide a range of services such as credit, supply of inputs, production support, marketing, processing, storage, and consumer services under one organisation. Their main objective is to meet the diverse economic and social needs of members in an integrated manner, ensuring convenience and overall development.

These co-operatives operate on democratic principles, emphasising mutual help, member participation, and welfare rather than profit. By combining multiple activities, multifunctional co-operatives promote self-sufficiency, risk diversification, and efficient use of resources, especially in rural and semi-urban areas. Though they require sound management due to their wide scope, they play a crucial role in comprehensive community and economic development.

5.1.4.1 Characteristics of Multifunctional Co-operatives

Economic and Social Role

Along with credit, marketing, and input supply, they may provide training programs, education, women and youth empowerment activities, healthcare assistance, and community development services.

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Focus on Community Welfare

They function as agents of social change by supporting literacy programs, environmental activities, housing support, and local development initiatives

Large and Diverse Membership

They typically have a wider membership base, as services are not limited to economic needs alone.

5.1.4.2 Objectives of Multifunctional Co-operatives

1. To provide multiple services under one organisation: To meet the varied economic needs of members such as credit, input supply, production support, marketing, processing, storage, and consumer services.
2. To ensure integrated development of members: To promote overall economic and social progress by addressing different needs in a coordinated manner.
3. To promote self-sufficiency among members: To reduce dependence on external agencies by offering comprehensive support through a single co-operative.
4. To improve income and economic stability: To enhance members' earnings and financial security through diversified activities.
5. To eliminate exploitation and middlemen: To protect members from unfair practices by directly providing services and market access.
6. To encourage efficient use of resources: To achieve economies of scale and better utilisation of available resources.
7. To promote mutual help and co-operation: To strengthen unity, collective effort, and democratic participation among members.
8. To support rural and community development: To contribute to balanced growth, especially in rural and semi-urban areas.
9. These objectives make multifunctional co-operatives important instruments for comprehensive socio-economic development.

5.1.4.2 Benefits

Diversified Services to Members

Multifunctional co-operatives provide a range of services such as credit, marketing, input supply, processing, storage, and consumer goods. This diversification reduces members' dependence on multiple agencies.

Reduced Cost and Improved Efficiency

By combining several functions under one organization, co-operatives achieve economies of scale. This reduces operational costs and ensures affordable services to members.

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Enhanced Income Opportunities

These co-operatives support members in production, processing, and marketing. By offering integrated services, they help increase productivity and secure better returns for farmers and artisans.

Stronger Bargaining Power

With collective procurement and marketing, members gain negotiating strength. This helps them secure better prices for inputs and higher selling prices for their produce.

Economic and Social Development

Multifunctional co-operatives promote rural development by generating employment, improving access to basic goods, and strengthening community solidarity

Difference between Multipurpose and Multifunctional Co-operatives

Basis of Comparison	Multipurpose Co-operatives	Multifunctional Co-operatives
Meaning	Performs two or more related functions for its members.	Performs many diverse functions for its members.
Scope of Activities	Limited to a few activities, usually within the same sector (e.g., credit and marketing).	Covers a wide range of activities across different sectors (e.g., credit, marketing, processing, storage, consumer services).
Objective	Focuses on satisfying a few specific needs of members.	Aims to satisfy diverse economic and social needs of members in an integrated manner.
Complexity	Moderate in nature and easier to manage.	Highly complex and requires professional management.
Examples	A co-operative providing credit and agricultural inputs.	A large agricultural co-operative offering credit, marketing, input supply, processing, and consumer services.
Area of Operation	Generally operates at a local or regional level.	Operates on a broader scale such as regional, state-level, or national.
Risk Diversification	Limited risk diversification due to fewer activities.	High risk diversification as losses in one activity can be offset by gains in others.
Management Requirement	Less demanding with simple administrative structure.	Requires skilled personnel and strong management due to diverse operations.

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5.1.5 Unitary vs Federal Co-operatives

Based on their structural arrangement and distribution of authority, Co-operatives can be categorized into Unitary Co-operatives and Federal Co-operatives. These two forms differ significantly in organizational design, membership participation, operational size, decision-making style, and overall functioning.

Unitary Co-operatives

Unitary co-operatives are formed as single-tier organizations where all members directly participate in the governance and operations of the society. They work independently and do not form part of a larger hierarchical network. Unitary co-operatives, also called primary co-operatives, are formed at the local or grassroots level. Members are individuals or small groups, and the co-operative directly provides services to its members. . Their simplicity and localized nature make them the most common form of co-operatives at the primary level.

Single-Level Organization

A unitary co-operative consists of only one level of organization. There are no district, state, or national federations above it. All decisions, services, and administrative functions are carried out within the same society. Since the entire structure operates at a single tier, coordination becomes easier and responsibilities remain clearly defined. This also reduces dependency on external units for support.

Direct Member Control

The most important feature of a unitary co-operative is direct participation of individual members. Members elect the managing committee, vote on important issues, approve annual budgets, and monitor performance. As there is no delegate system or indirect voting, the democratic character is much stronger. Members maintain closer contact with leaders, which increases their trust and involvement.

Simpler Operations

Because of its small size and limited functions, a unitary co-operative enjoys simple administrative procedures. There is less paperwork, fewer regulations, and quicker execution of decisions. The absence of multiple layers reduces confusion, delays, and communication gaps. Thus, these co-operatives function with low cost and higher speed.

Localized Area of Operation

Unitary co-operatives typically operate within a limited geographical area such as a village, town, or neighborhood. Their services are designed to suit the specific needs of local members. Examples include Primary Agricultural Credit Societies (PACS), primary dairy societies handling local milk collection, and primary consumer co-operatives supplying essential goods.

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Features Of Unitary Co Operatives

1. **Direct membership:** Members are individuals or small producers/users.
2. **Local level operation:** Usually restricted to a village, town, or a small area.
3. **Single-level organisation:** There is no higher tier; the co-operative deals directly with members.
4. **Simple management:** Less complex organisational structure, easier to operate.
5. **Focus on primary needs:** Activities are generally limited to one or a few functions like credit, marketing, or consumer services.

Objectives of Unitary Co-operatives

1. To meet local economic needs of members

Provide essential goods, services, or credit directly to individual members at the grassroots level.

2. To promote self-help and mutual assistance

Encourage cooperation and collective effort among members for their common benefit.

3. To eliminate middlemen and exploitation

Ensure fair prices and direct access to resources, products, or services for members.

4. To improve income and economic stability

Support members in enhancing their earnings, savings, and financial security.

5. To provide education and training

Develop members' skills, knowledge, and awareness about co-operative principles.

6. To strengthen democratic participation

Encourage members to take part in decision-making through principles like "one member, one vote."

7. To promote social and community welfare

Contribute to the overall development of the local community alongside economic benefits.

These objectives ensure that unitary co-operatives focus on local development, member welfare, and self-reliance.

Federal Co-operatives

Federal co-operatives operate through a multi-tier structure, where many primary societies come together to form district, state, and national-level federations. This

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system ensures wider coverage, better resource mobilization, and stronger institutional support for member societies.

1. Multi-Tier Structure

A federal co-operative is organized into Multi-Tier Structure systems:

Primary level – village or local co-operative

District/Central level – supervises and supports primary co-operatives

State/National level – coordinates large-scale functions, policy formulation, training, and marketing

Each tier is autonomous yet interconnected, forming a strong network.

2. Indirect Membership Structure

Members join the primary society, and these primary societies become members of higher-level federations. Decision-making at district or state levels takes place through representatives or delegates. This indirect system allows millions of members to be managed efficiently through organized layers.

3. Large-Scale Operations

Federal co-operatives undertake activities requiring greater capital, advanced technology, and wider reach. These include:

Large-scale procurement and marketing

Processing units such as sugar mills, dairy plants, fertilizer factories

Training and capacity-building

Policy coordination and financial support

Their operations often cover entire districts, states, or even the nation.

4. Strong Resources and Support

Higher tiers provide technical guidance, auditing, managerial training, financial assistance, and marketing support to the primary societies. This strengthens the entire co-operative movement and improves service delivery at the grassroots.

Objectives of Federal Co-operatives

1. To coordinate and support primary co-operatives

Provide guidance, resources, and oversight to strengthen the functioning of member co-operatives.

2. To provide large-scale services

Undertake functions like wholesale marketing, bulk supply of inputs, processing, and financial assistance that primary co-operatives cannot manage individually.

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3. To ensure financial stability

Pool resources from member societies to provide credit, loans, and capital for large projects.

4. To promote standardisation and efficiency

Maintain uniform practices, quality control, and efficient management across member co-operatives.

5. To facilitate training and capacity building

Offer education, training, and skill development to leaders and staff of primary co-operatives.

6. To represent co-operatives at higher levels

Act as a link between government, regulatory bodies, and member co-operatives, advocating policies and protecting interests.

7. To foster integrated regional or national development

Support coordinated efforts for socio-economic development across a wider area than individual primary societies.

Federal co-operatives strengthen the co-operative movement by providing resources, coordination, and professional management, enabling primary co-operatives to function more effectively and contribute to larger-scale community and economic development.

5.1.6 Designer vs Greenhouse Co-operatives

Co-operatives evolve in different ways depending on how they are established, supported, and governed. Two important conceptual classifications used in co-operative development theory are Designer Co-operatives and Greenhouse Co-operatives. These terms help to understand whether a co-operative is created by external design or whether it grows gradually with supportive nurturing. Although both serve members, they differ in origin, structure, autonomy, and sustainability.

Designer Co-operatives

Designer Co-operatives are co-operatives that are created, shaped, or structured primarily by external agencies such as government departments, NGOs, financial institutions, or development planners. Their rules, objectives, functioning patterns, and operational structure are largely determined by these external bodies rather than by the members themselves. Hence, the term "designer" refers to the co-operative being designed from the outside.

Externally Planned Structure

These co-operatives are often established as part of development programmes, poverty alleviation schemes, agricultural reforms, or credit support missions. Their

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entire organizational model, membership criteria, bylaws, and service mechanisms, is drafted by outsiders.

Top-Down Approach

Decision-making initially occurs at the higher administrative level. The co-operative grows according to government guidelines or NGO strategies rather than grassroots initiatives.

High External Dependence

Designer co-operatives usually depend on subsidies, grants, technical support, and external leadership. Many of them need continuous financial backing to operate smoothly.

Lower Member Ownership in Early Stages

Since members do not initiate or design the co-operative themselves, their sense of attachment, participation, and responsibility may be weak during the initial years.

Greenhouse Co-operatives

Greenhouse Co-operatives are co-operatives that are nurtured, supported, and protected in their early stages, just like seedlings grown in a greenhouse, but gradually develop into self-reliant, autonomous, and member-driven institutions. The concept emphasises guided growth rather than external control.

Features

Supportive Growth Environment

External agencies provide temporary support such as training, financial assistance, managerial advice, marketing guidance, and technology during the initial years.

Focus on Capacity Building

Members are trained in leadership, record-keeping, accounting, production skills, and democratic governance. The aim is to build internal strength so the co-operative can function without external help later.

Gradual Shift to Autonomy

Unlike designer co-operatives that continue to depend on external guidance, greenhouse co-operatives slowly reduce dependency. Over time, the management becomes entirely member-controlled.

High Member Participation

As the co-operative matures, members play a central role in policy-making, decision-making, and strategic planning. Strong participation increases trust and ensures long-term sustainability.

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5.1.7 Issues in Financing a Co-operative

Financing is one of the most critical aspects of co-operative management. Co-operatives require adequate funds to support their operations, provide services to members, invest in infrastructure, and sustain long-term growth. However, unlike profit-oriented companies, co-operatives operate on democratic and service-based principles, which often create unique financial challenges. Several internal and external issues affect their ability to mobilize, manage, and utilize funds effectively. A detailed description of these issues is given below.

1. Limited Capital Contribution from Members

One major issue is the inadequate capital contributed by members. Most members belong to low- or middle-income groups and cannot invest large amounts. Since co-operatives emphasize affordability and inclusiveness, membership fees and share capital remain low. As a result, co-operatives struggle to generate sufficient internal funds to meet operational needs, expand services, or adopt new technology.

2. Overdependence on External Agencies

Co-operatives often rely heavily on government grants, subsidies, loans from apex co-operative banks, NABARD, or other development agencies. While external assistance is essential in the initial stages, long-term dependence reduces financial independence. Any delay in sanctioning funds disrupts operations. Restrictions imposed by funding agencies on how money should be used limit managerial flexibility.

3. Weak Financial Management and Accounting

Many co-operatives suffer from poor financial management systems. Issues include

- ◊ Outdated accounting practices
- ◊ Inaccurate record-keeping
- ◊ Lack of professional financial expertise
- ◊ Inefficient budgeting and cash-flow planning

4. Difficulty in Raising Working Capital

Co-operatives engaged in activities such as marketing, dairy, or consumer supply require substantial working capital for purchases, storage, and transportation. However, banks often hesitate to provide short-term credit due to low profitability, inadequate collateral, and weak repayment capacity. This leads to liquidity problems, delays in operations, and loss of business opportunities.

6. High Loan Defaults and Poor Recovery

Loan repayment is a major challenge in credit and multi-purpose co-operatives. Members often assume that co-operative loans need not be repaid because they are supported by the government. Poor recovery weakens the financial base, increases non-performing assets (NPAs), and affects the co-operative's ability to borrow further. Recovery problems also limit funds available for lending to other members.

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7. Lack of Diversified Income Sources

Many co-operatives depend solely on one activity (like lending or milk collection). This limited income base creates financial instability. Low profits reduce reserves and make it difficult to absorb shocks during economic fluctuations.

8. Inadequate Audit and Supervision

Regular audits are essential for financial transparency, but many co-operatives suffer from delayed audits, lack of trained auditors, or superficial inspections. This results in undetected errors, frauds, and mismanagement that weaken financial health.

5.1.8 Evaluating a Co-operative Organization

Evaluating a co-operative organization is an essential process to determine how effectively it is fulfilling its objectives, serving its members, utilizing resources, and contributing to socio-economic development. Unlike profit-driven enterprises, co-operatives operate on principles of democratic control, mutual help, and member welfare. Therefore, their evaluation must consider not only financial performance but also social impact, governance quality, and member satisfaction. A comprehensive assessment involves several dimensions, as described below.

1. Organizational Structure and Governance

The first step in evaluating a co-operative is to examine its governance system, which includes democratic elections, transparency, and accountability. A well-functioning co-operative should hold regular general body meetings, follow proper election procedures, and ensure that members participate actively in decision-making. The effectiveness of the managing committee, clarity in roles, and adherence to co-operative principles are indicators of good governance. Weak leadership, political interference, or low participation reflect poor **organizational health.**

2. Membership Strength and Participation

Since co-operatives exist to serve their members, evaluating the quality and level of participation is crucial. This includes:

- ◊ Growth in membership
- ◊ Regular attendance in meetings
- ◊ Member awareness of rights and responsibilities
- ◊ Involvement in planning and supervision
- ◊ High member participation shows trust and engagement, while declining membership or inactive members signal dissatisfaction or weak functioning.

3. Financial Performance and Stability

Financial evaluation is critical to assess sustainability. Key indicators include:

- ◊ Capital mobilized through member contributions
- ◊ Profitability or surplus generation

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- ◊ Liquidity and working capital position
- ◊ Asset management and reserves
- ◊ External borrowings and repayment capacity

A financially sound co-operative maintains proper accounts, shows consistent surplus, and uses funds efficiently. Delayed audits, poor financial discipline, high NPAs, or dependency on grants reveal structural weaknesses.

4. Efficiency of Services and Operations

Evaluating operational performance involves examining how effectively the co-operative delivers services such as credit, marketing, supply, processing, or housing. Important aspects include:

- ◊ Timeliness and quality of service
- ◊ Availability of necessary infrastructure
- ◊ Adoption of technology
- ◊ Staff competence and training
- ◊ Cost-efficiency and productivity

Efficient operations strengthen member satisfaction and competitiveness, while delays, corruption, or poor service delivery weaken the organization's credibility.

5. Economic and Social Impact

A co-operative must also be assessed for its contribution to economic development and social welfare. This includes:

- ◊ Increase in member income
- ◊ Support during emergencies
- ◊ Promotion of education, training, and skill development
- ◊ Contribution to community development
- ◊ Empowerment of women, marginalized groups, and small producers
- ◊ Co-operatives that improve living standards and strengthen social cohesion are considered successful.

6. Compliance and Transparency

A well-run co-operative must comply with legal requirements, maintain accurate records, follow audit procedures, and ensure transparent operations. Timely submission of reports, adherence to bye-laws, and proper documentation reflect professionalism. Non-compliance indicates weak management and possible mismanagement.

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5.1.9 Member Dimension, Enterprise Dimension, and Ethical Dimension

A co-operative is a unique form of organization because it is not only a business enterprise but also a democratic association of people bound by shared values. To understand its functioning holistically, it must be examined through three key dimensions: the member dimension, the enterprise dimension, and the ethical dimension. Each of these dimensions highlights a different aspect of how co-operatives operate, deliver value, and uphold their social purpose.

1. Member Dimension

The member dimension emphasizes the co-operative as a people-centered organization. Members are both the owners and users of services, and every policy revolves around meeting their needs rather than maximizing profits.

Key Elements of the Member Dimension

Democratic Participation

Members exercise control through the "one member, one vote" system. Their democratic involvement in meetings, elections, and decision-making ensures accountability and inclusiveness.

Membership Growth and Diversity

A strong co-operative attracts more members, enhances participation, and represents various socio-economic backgrounds. Member satisfaction and trust are critical indicators of health.

Member Education and Awareness

Co-operatives must educate members about their rights, responsibilities, and the functioning of the organization. Training improves participation and reduces conflicts.

Member Welfare Focus

The ultimate goal is to provide affordable services, fair prices, credit support, and welfare benefits. Member needs, not profit ,drive the organization's priorities. The member dimension thus highlights the human and social character of co-operatives and differentiates them from investor-driven firms.

2. Enterprise Dimension

The enterprise dimension views the co-operative as a business organization that must be efficient, competitive, and financially sustainable. While co-operatives serve people, they must also perform effectively as enterprises.

Key Elements of the Enterprise Dimension

Financial Sustainability

The co-operative must generate adequate surplus, manage costs, maintain liquidity, and mobilize capital responsibly. Strong finances ensure long-term survival.

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Operational Efficiency

Modern technology, competent staff, good management practices, and proper infrastructure improve productivity and service delivery.

Quality of Services and Competitiveness

Co-operatives must offer timely, reliable, and affordable services, whether credit, marketing, housing, or consumer supply , to remain competitive in the market.

Professional Management

While democratic control is essential, the day-to-day operations require professional administrators, trained accountants, marketing experts, and skilled workers. Through the enterprise dimension, the co-operative is evaluated like any other business, on efficiency, market performance, and economic contribution.

3. Ethical Dimension

The ethical dimension highlights the value-based foundation of co-operatives. Co-operative principles such as self-help, equality, transparency, and social responsibility shape every action and decision.

Key Elements of the Ethical Dimension

Honesty and Transparency

Co-operatives must maintain accurate records, conduct regular audits, and make information accessible to members. Ethical governance builds trust.

Equity and Social Justice

Co-operatives promote fairness in pricing, wages, and services. They aim to reduce exploitation by middlemen and support vulnerable groups.

Social Responsibility

Beyond business, co-operatives contribute to community development, environmental protection, education, and welfare activities.

Collective Good over Individual Gain

Decisions prioritize the common benefit of all members rather than the profit of a few individuals. The ethical dimension ensures that co-operatives remain socially committed, responsible, and aligned with their founding values.

Recap

- ◊ Multipurpose co-operatives offer many services.
- ◊ Unitary co-operatives have single-tier structure.
- ◊ Federal co-operatives follow multi-tier systems.

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- ◊ Designer co-operatives are externally planned.
- ◊ Greenhouse co-operatives grow gradually
- ◊ Operational efficiency improves services.
- ◊ Loan defaults weaken finances.

Objective Questions

1. What is the primary focus of single-purpose co-operatives?
2. What type of co-operative offers multiple economic services under one roof?
3. Which co-operatives provide both economic and social services?
4. What is the structure of a unitary co-operative?
5. What type of structure do federal co-operatives follow?
6. What type of co-operative is created by external agencies?
7. Which co-operatives grow with gradual member-based autonomy?
8. What ensures democratic functioning in co-operatives?

Answers

1. One specialized activity or service.
2. Multipurpose co-operatives.
3. Multifunctional co-operatives.
4. Single-tier organization.
5. Multi-tier system.
6. Designer co-operative.
7. Greenhouse co-operatives.
8. Member participation.

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Assignments

1. Compare multipurpose and multifunctional co-operatives in terms of services and benefits.
2. Analyse the structural differences between unitary and federal co-operatives.
3. Evaluate a local co-operative in your area using evaluation criteria discussed in the topic.
4. Conduct a case study on a successful co-operative highlighting its services, structure, and social impact.

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Unit 2
Co-operatives and Five-Year Plans

Learning Outcomes

After completing this unit, learners will be able to:

- ◊ explain how Five-Year Plans shaped the growth and development of co-operatives in India.
- ◊ describe the expanding role of co-operatives across agriculture, industry, banking, and social sectors.
- ◊ analyse the contributions of each Five-Year Plan to co-operative credit, marketing, dairy, housing, and training.

Prerequisite

After Independence, the Government of India introduced Five-Year Plans to promote economic growth and social development. Rural development, agriculture, employment, credit and poverty reduction received attention in different plans. Co-operatives were considered useful instruments for reaching development benefits to people, especially in rural areas. Co-operative credit societies provided financial support to farmers, while co-operative marketing, dairy and other institutions supported different economic activities. Thus, the development of co-operatives was connected with the broader development plans of the country. This background helps learners understand the meaning and objectives of Five-Year Plans and examine the role played by these plans in the development and expansion of the co-operative sector.

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Keywords

Institutional Strengthening, Rural Credit

Discussion

Co-operatives have been a central pillar of India's development model since Independence. As democratic, member-owned institutions, co-operatives were seen not only as economic enterprises but also as instruments of social transformation, community participation, and poverty alleviation. India's development planners believed that co-operatives could balance market forces, eliminate exploitation by middlemen, and support small and marginal producers who lacked bargaining power. Thus, from the First Five-Year Plan in 1951 until the Twelfth Plan in 2017, co-operatives remained deeply embedded in national economic strategies.

5.2.1 Five-Year Plan

The Five-Year Plans consistently recognized the unique features of co-operatives, mutual help, voluntary association, member control, and equitable distribution. These characteristics made co-operatives suitable for mobilizing rural communities, strengthening agricultural productivity, organizing small producers, and extending credit and marketing support at the grassroots level. Over the decades, co-operatives expanded into credit, banking, marketing, dairy, fisheries, housing, textiles, warehousing, fertiliser distribution, and rural industries.

1. First Five-Year Plan (1951–1956) Establishing the Co-operative Framework

The First Plan emphasised agriculture, food production, and rural reconstruction. Co-operatives were viewed as engines of rural development and instruments for democratising the countryside. Planning authorities promoted

i. Primary Agricultural Credit Societies (PACS) for short-term rural credit

ii. Co-operative farming and land reforms to help smallholders

iii. Co-operative marketing societies to protect farmers from exploitation

iv. Multi-purpose co-operatives in community development blocks

v. This Plan laid the foundation for a nationwide co-operative movement.

2. Second Five-Year Plan (1956–1961): Industrialization and Co-operative Expansion

The Second Plan, focusing on public sector expansion and industrialization, extended the co-operative model to small-scale industries.

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Key initiatives included:

i. Promotion of industrial co-operatives, especially in handloom, handicrafts, and sugar

ii. Strengthening consumer co-operatives for fair price distribution

iii. Development of co-operative processing units in agriculture

iv. Co-operatives were linked to the planning objective of building a balanced economy.

3. Third Five-Year Plan (1961–1966): Supporting the Green Revolution

Agricultural modernization, input distribution, and scientific farming were key priorities. Co-operatives were assigned crucial roles:

i. Establishing Farmers' Service Societies (FSS) to supply seeds, fertilizers, and pesticides

ii. Expanding co-operative warehousing and marketing

iii. Strengthening co-operative banking

iv. The co-operative system became a backbone for agricultural input distribution.

4. Fourth and Fifth Plans (1969–1979): Poverty Alleviation and Social Justice

These Plans emphasized redistribution, rural upliftment, and welfare. Co-operatives became

i. Instruments for Public Distribution System (PDS) through consumer co-operatives

ii. Support systems for tribal communities through LAMPS (Large Adivasi Multi-Purpose Societies)

iii. Channels for weaker section lending

iv. Vehicles for women's co-operatives, handloom societies, and housing co-operatives

v. The role of co-operatives expanded from purely economic to social empowerment.

5. Sixth and Seventh Plans (1980–1990): Professionalisation and Strengthening Institutions

i. This era recognised the need for more efficient co-operatives.

Developments included:

ii. Strengthening the co-operative credit structure under NABARD

iii. Linking co-operatives with Operation Flood, leading to the rise of dairy co-operatives like AMUL

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iv. Improving managerial skills through NCUI, NCDC, and VAMNICOM

v. Managerial training and financial discipline became priorities.

6. Eighth and Ninth Plans (1992–2002): Liberalisation and Structural Reforms

Economic liberalization introduced competition from private sector enterprises, forcing co-operatives to become more autonomous and efficient.

These Plans emphasized:

i. Reform, autonomy, and financial discipline

ii. Reduction of excessive government control

iii. Modernisation of co-operative banking

iv. Strengthening commodity-specific co-operatives

v. Legal reforms like the 97th Constitutional Amendment later strengthened democratic functioning.

7. Tenth to Twelfth Plans (2002–2017): Modernisation, Technology & Inclusive Growth

During this period, co-operatives moved toward technology-driven governance and expanded into new areas.

Key developments included:

i. Computerization of PACS and co-operative banks

ii. Strengthening audit, transparency, and good governance

iii. Promoting women's co-operatives, tribal co-operatives, and SHG-co-operative linkages

iv. Expanding dairy, fisheries, and farmer producer organizations (FPOs)

v. Improving supply chain, warehousing, and processing co-operatives

vi. The Twelfth Plan placed co-operatives within the framework of "faster, more inclusive, and sustainable growth."

5.2.2 Role of Five-Year Plans on the Development of Co-operatives

The Five-Year Plans played a transformational role in shaping the co-operative movement in India. They not only expanded the network and functions of co-operatives but also strengthened their financial, institutional, and managerial foundations. The following sections explain, in detail, how each Plan contributed to co-operative development.

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1. Strengthening the Institutional Structure of Co-operatives

The early Five-Year Plans helped build the basic architecture of co-operatives across villages, districts, states, and national federations. Through planned financial support, co-operatives evolved into a structured three-tier system:

- ◊ Primary societies at village/town level
- ◊ Central and district co-operatives
- ◊ State/national federations (e.g., IFFCO, KRIBHCO, NAFED, NDDB)
- ◊ The Plans funded buildings, infrastructure, training institutes, and administrative reforms.

2. Expanding Co-operative Credit and Rural Banking

A major contribution of the Five-Year Plans was the creation of a robust co-operative credit system:

- ◊ Strengthening PACS, DCCBs, and SCBs
- ◊ Linking co-operatives to Land Development Banks (LDBs)
- ◊ Providing long-term refinance through RBI and later NABARD
- ◊ Financing agricultural inputs, irrigation, storage, and diversification
- ◊ Millions of small and marginal farmers received affordable credit because of these interventions.

3. Supporting the Green Revolution and Agricultural Marketing

Co-operatives were essential in distributing inputs such as:

- ◊ High-yielding seeds
- ◊ Fertilizers
- ◊ Pesticides
- ◊ Agricultural machinery
- ◊ Marketing co-operatives handled procurement of grains, cotton, oilseeds, fruits, and vegetables. Co-operatives became intermediaries between farmers and markets.

4. Promoting Dairy and Allied Sector Development

A landmark achievement of the Plans was Operation Flood - India's White Revolution - led by co-operatives.

- ◊ Creation of dairy co-operative societies
- ◊ Expansion of milk unions and federations (like AMUL)
- ◊ Cold chain and processing support
- ◊ Enhancing rural incomes and women's participation

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5. Social Inclusion and Poverty Alleviation

Co-operatives served as instruments of social justice by supporting:

- ◊ Tribals through LAMPS
- ◊ Women through women's co-operatives and self-help group linkages
- ◊ Weavers, artisans, and handloom workers
- ◊ Fisherfolk and rural craftsmen
- ◊ The Plans emphasized co-operatives as channels to reach disadvantaged groups.

6. Expansion of Urban and Housing Co-operatives

The Plans encouraged:

- ◊ Housing co-operatives to support middle-class and low-income families
- ◊ Consumer co-operatives for fair-price distribution
- ◊ Labour and service co-operatives in urban centres
- ◊ Housing co-operatives became major providers of affordable homes.

7. Professionalization, Training, and Capacity Building

To improve efficiency, the Plans funded:

- ◊ NCUI, VAMNICOM, NCDC, State Co-operative Training Institutes
- ◊ Managerial training, book-keeping courses, leadership development
- ◊ Modern governance practices
- ◊ This helped transform co-operatives into well-managed enterprises.

8. Legal and Governance Reforms

Co-operative laws, audit systems, and administrative rules were modernized with Five-Year Plan support. Later reforms included:

- ◊ Model Co-operative Societies Act
- ◊ 97th Constitutional Amendment (strengthening democratic control)
- ◊ Emphasis on transparency, autonomy, and audit reforms
- ◊ These measures improved accountability and reduced political interference.

9. Technological Upgradation and Digital Governance

The later Plans focused heavily on modernizing co-operatives through

- ◊ Computerization of PACS, DCCBs, and apex banks
- ◊ MIS systems, e-governance, and online reporting
- ◊ Use of ICT for marketing, procurement, and financial control
- ◊ Technology improved transparency and operational efficiency.

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10. Encouraging New-Generation Co-operatives and FPOs

The Twelfth Plan expanded the scope of co-operatives beyond traditional sectors

- ◊ Farmer Producer Organizations (FPOs)
- ◊ Processing co-operatives
- ◊ Supply chain co-operatives
- ◊ Credit and microfinance co-operatives

Recap

- ◊ First five-year Plan built basic structure.
- ◊ Second five-year Plan boosted industrial co-operatives.
- ◊ Third five-year Plan aided the Green Revolution inputs.
- ◊ Fourth five-year Plan promoted PDS co-operatives.
- ◊ LAMPS supported tribals.
- ◊ Sixth Plan improved credit systems.
- ◊ NABARD strengthened rural finance.

Objective Questions

1. What was the main focus of the First Five-Year Plan?
2. Which co-operatives were promoted in the First Plan for rural credit?
3. Which sector's co-operatives grew during the Second Plan?
4. What role did co-operatives play in the Third Plan?
5. Which societies supported tribal development during the Fourth Plan?
6. Which system used co-operatives for fair-price distribution?
7. Which institution strengthened co-operative credit in the Sixth Plan?
8. What did the Seventh Plan emphasize for co-operatives?
9. Which reform strengthened democratic functioning?
10. What process helped strengthen transparency?

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Answers

1. Agricultural and rural development.
2. Primary Agricultural Credit Societies (PACS).
3. Industrial and handloom sectors.
4. Distributing agricultural inputs.
5. LAMPS.
6. Public Distribution System (PDS).
7. NABARD.
8. Managerial training and professionalism.
9. 97th Constitutional Amendment.
10. Computerisation of PACS.

Assignments

1. Describe how the First and Second Plans laid the foundation for India's co-operative movement.
2. Analyse the role of co-operatives in supporting the Green Revolution.
3. Discuss the contribution of co-operatives to poverty alleviation during the Fourth and Fifth Plans.
4. Evaluate the institutional support provided by NABARD, NDDB, NCDC, and other national bodies.

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BLOCK 6

Management and working of Co-operative Organizations and Institutions

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Unit 1

Management and Working of Co-operative Organizations Introduction

Learning Outcomes

After completing this unit, learners will be able to:

- ◊ explain the basic concept, principles, and purpose of co-operative organizations.
- ◊ identify the major issues and challenges in co-operative management
- ◊ examine the strategies required for improving the operational efficiency and sustainable development of co-operatives in India.

Prerequisite

A co-operative society may have a large membership and good financial resources, but it may still face difficulties if its operations are not properly managed. For example, delays in providing services, poor record keeping, shortage of working capital, lack of trained employees and competition from other organisations can affect its performance. The management must identify these problems and take suitable measures to improve efficiency. It may introduce better record systems, improve employee skills, use technology, control unnecessary costs and provide better services to members. At the same time, the society must remain financially sound and continue to serve its members. This situation helps learners understand the major issues in co-operative management, challenges in operational efficiency and strategies required for the sustainable development of co-operative organisations in India.

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Keywords

Co-operative Management, Operational Efficiency, Sustainable Development

Discussion

6.1.1 Aids of Co-operatives and Issues in Co-operative Management

Co-operatives function on principles of mutual help, democratic control, voluntary membership, and service rather than profit. For operating effectively and meeting the needs of their members, co-operatives rely on various aids such as financial, managerial, technical, and legal support offered by government bodies and specialized institutions. At the same time, they face several management-related issues that hinder their efficiency and growth. Understanding these aids and issues provides a clearer picture of the challenges and opportunities within the co-operative sector.

Co-operative organizations function on the principles of mutual help, democratic control, and service to members. For their effective management and smooth working, co-operatives require various forms of support known as *aids of co-operatives*. These aids include financial, institutional, governmental, educational, and technical assistance that help co-operatives overcome operational constraints and achieve their objectives. However, despite such support, co-operatives often face several management-related issues such as lack of professional expertise, political interference, weak financial discipline, and low member participation. Understanding both the aids available to co-operatives and the issues in co-operative management is essential to evaluate their performance and to ensure their sustainable growth and efficiency.

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6.1.1.1 Aids of Co-operatives

Co-operative organizations are voluntary associations formed to promote the economic and social welfare of their members through mutual help and democratic management. The success of a co-operative depends not only on its principles and objectives but also on effective management and efficient working. To strengthen their functioning and ensure sustainable growth, co-operatives require various aids or supporting mechanisms.

Aids of Co-operatives refer to the institutional, financial, educational, and technical support systems that help co-operative organizations operate smoothly and achieve their goals. These aids provide guidance, resources, and an enabling environment for co-operatives to function efficiently and competitively.

In the Indian co-operative movement, aids are provided by the government, co-operative institutions, financing agencies, and training bodies. They play a crucial

role in improving governance, professional management, member participation, and financial stability. Without such aids, co-operatives may face problems like poor management, lack of funds, inadequate skills, and weak coordination.

Thus, the aids of co-operatives form the backbone of the co-operative structure, ensuring proper management, effective working, and long-term viability while upholding the co-operative principles of democracy, equality, and mutual assistance.

Aids of Co-operatives are the various forms of support provided to co-operative organizations to ensure their effective management, smooth working, and sustainable development. Co-operatives receive support from multiple sources that assist them in functioning efficiently and improving member welfare. These aids ensure sustainability and help co-operatives fulfil their mission of collective development and also help co-operatives overcome financial, managerial, and operational difficulties.

◊ **Financial Aids**

One of the important supports for co-operatives is financial assistance. Many co-operatives, especially in agriculture, dairy and credit sectors, require funds for operations, infrastructure, marketing, and procurement. NABARD, State Cooperative Banks, District Central Cooperative Banks, and Land Development Banks offer credit facilities, refinance support, and investment loans. Government's various schemes also provide subsidies, grants, and soft loans to promote co-operative development. Financial aid strengthens the capital base of co-operatives, enables them to expand their services and improve their operational capacity.

◊ **Managerial and Technical Aids**

Co-operatives need efficient management to compete in a dynamic economic environment. Apex organizations and various state cooperative federations provide managerial guidance and technical assistance. These institutions help co-operatives adopt modern accounting systems, quality management tools, and efficient supply chain practices. They also support in project planning, marketing strategies, and technological upgrades. The availability of technical expertise ensures that co-operatives can operate more professionally and efficiently.

◊ **Educational and Training Aids**

Education is very crucial for strengthening the co-operative structure. Institutions like VAMNICOM, NCUI, State Cooperative Unions, and district-level training centres conduct many training programs on cooperative principles, financial management, leadership development, and auditing. These programs improve the skills and awareness of board members, staff, and general members. Training promotes better decision-making, enhances participation, and fosters democratic and transparent functioning.

◊ **Marketing and Procurement Aids**

Marketing federations such as NAFED, MARKFED, HAFED, and dairy federations like AMUL and NDDB offer support in procurement, storage, and marketing of goods produced by co-operatives. They help co-operatives secure fair prices, access larger markets, and avoid exploitation by intermediaries. These federations provide branding, packaging, quality testing, and logistics support. Effective marketing aids ensure that

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co-operatives can gain higher value for their produce and stabilize their financial health.

◊ **Legal and Administrative Aids**

Legal support is important for maintaining accountability, protecting member rights, and ensuring compliance with cooperative laws. The Registrar of Cooperative Societies (RCS), state cooperative departments, and central ministries provide administrative support in registration, monitoring, dispute resolution, and governance. The 97th Constitutional Amendment further promotes autonomy and transparency. Legal aids help co-operatives maintain proper records, and remain accountable to their members and regulators.

6.1.2 Issues in Co-operative Management

Co-operative organizations play a vital role in promoting economic and social welfare through collective effort and democratic management. However, the effective functioning of co-operatives is often hindered by various managerial and operational problems, commonly referred to as *issues in co-operative management*. These issues arise due to factors such as lack of professional management, political and governmental interference, weak financial control, inadequate training, and low participation of members. An understanding of these issues is essential to improve governance, efficiency, transparency, and sustainability of co-operative institutions while preserving their core co-operative principles.

Despite receiving multiple aids, co-operatives often face significant management challenges that affect their efficiency, and long-term sustainability. These issues arise from structural weaknesses, political influences, financial mismanagement, and technological gaps. They are explained below:

1. Political Interference

Political involvement in co-operative governance is the most damaging issues. Politicians often influence elections, appointments, and decisions for their personal or party interests. This compromises the autonomy of co-operatives and leads to biased decision-making. Excessive interference weakens the democratic spirit of co-operatives, resulting in inefficiency and misuse of funds.

2. Lack of Professional Management

Many co-operatives struggle due to the absence of professionally trained managers. Staff are often appointed based on patronage rather than merit. Without knowledge of modern management practices, financial planning, IT systems, and marketing strategies, co-operatives fail to operate efficiently. The lack of professionalization limits their ability to compete with private firms and corporates that employ skilled professionals.

3. Inadequate Member Participation

Member participation is important for democratic governance, but in many co-operatives, participation levels are low. Members do not attend meetings, fail to vote in elections, and remain unaware of cooperative principles. This leads to the

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concentration of power in the hands of a few individuals. Low participation weakens accountability, and reduces the responsiveness of the management to member needs.

4. Financial Weakness and Poor Recovery

Financial instability is an important issue in many co-operatives. Weak capital formation, overdependence on government assistance, poor loan recovery rates, and accumulation of overdue loans create financial stress. Misuse of funds, and poor accounting practices further aggravate the situation. Without a strong financial base, co-operatives cannot modernize, expand operations, or improve service delivery.

5. Outdated Technology and Weak Digital Adoption

Many co-operatives continue to rely on outdated machinery, manual record-keeping, and traditional operational methods. This causes delays, lack of transparency, and inefficiency. In a rapidly digitizing world, the absence of innovative technology makes co-operatives less competitive. They often fail to take advantage of digital payment systems, online marketing platforms, and management information systems.

6. Poor Infrastructure

Insufficient infrastructure such as storage facilities, cold chains, processing units, and quality testing labs affects the productivity of co-operatives. Without adequate infrastructure, co-operatives cannot maintain product quality, or ensure timely delivery. Poor infrastructure also limits their ability to scale operations.

7. Weak Audit and Accountability Systems

Delayed audits and weak internal control systems are common in co-operative management. Audit backlogs create opportunities for fraud and financial mismanagement. Without regular inspections and proper accountability mechanisms, co-operatives struggle to maintain transparency. This reduces the confidence of members and regulatory authorities.

8. Competition from Private Sector

Co-operatives face competition from private companies and multinational corporations that operate with advanced technology and efficient supply chains. Co-operatives, with their slow decision-making processes and limited resources, often find it challenging to compete with these modern enterprises.

9. Complex Regulatory Environment

Co-operatives need to comply with multiple laws, rules, and regulations, often resulting in bureaucratic delays. Frequent inspections, lengthy paperwork, and strict compliance requirements reduce the flexibility of co-operatives and slow down their operations.

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6.1.3 Challenges in the Operational Efficiency of Co-operatives

One of the obstacles to the efficient functioning of co-operatives in India is unfair political interference. Although co-operatives are meant to be autonomous and democratically governed, in practice, many are controlled by political parties. This sometimes may result in the misuse of funds, favouritism, and decisions that do not reflect the needs of members. Sometimes Political influence weakens the basic cooperative principles of autonomy and voluntary association.

Another major problem is the lack of professional management. Many co-operatives are managed by individuals who do not possess adequate training in finance, marketing, accounting and information technology. As a result, co-operatives struggle to adopt modern business practices, manage risks, or compete with private firms that employ highly skilled professionals. The absence of consistent training and exposure further weakens managerial capacity.

Inadequate member participation is another issue which affects operational efficiency. While co-operatives are formed to serve their members, participation in meetings and decision-making is often low. Many members are unaware of their rights and responsibilities or lack interest in governance matters. This gives excessive control to a small group of individuals who may not always act in the best interests of the community. Low participation reduces transparency, weakens accountability, and undermines democratic functioning.

Financial weakness is a barrier that affects day-to-day operations. Co-operatives often have limited capital as members contribute only small amounts of share capital. Many societies depend heavily on government subsidies or grants, which affects their autonomy. Poor loan recovery rates, high overdue amounts, and inadequate internal controls result in financial instability. Fraud, misappropriation, and inefficient use of funds further weaken their financial base. Without strong finances, co-operatives cannot expand services, invest in technology, or modernize operations.

Another challenge is outdated technology and poor digital adoption. This creates bottlenecks in service delivery, delays in processing work, and difficulties in maintaining transparency. In an era when private businesses use advanced management information systems, digital payment platforms, and online marketing tools, the technological backwardness of co-operatives puts them at a competitive disadvantage.

Infrastructure limitations also contribute to operational inefficiency. So many agricultural and marketing co-operatives lack adequate storage facilities, warehouses, transport vehicles, or modern office premises. Because of this, they face higher post-harvest losses, inefficiency in supply chains, and difficulties in ensuring product quality. Limitations in infrastructure prevent co-operatives from expanding their activities and achieving economies of scale.

Another obstacle is the weakness in auditing and accountability mechanisms. Delayed audits, inadequate supervision, and lack of transparency create an environment

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where irregularities and financial mismanagement can occur. Without timely audits, co-operatives cannot identify weaknesses in their operations or take corrective measures. Weak internal control systems reduce the trust of members and financial institutions.

Co-operatives experience intense competition from private companies, organized retailers, and multinational corporations. These competitors use modern technologies and efficient supply chains, making it difficult for co-operatives to match their performance. Co-operatives, which were once dominant in areas like procurement and distribution, now struggle to retain their market share.

Regulatory burdens affect operational efficiency. Co-operatives must comply with multiple regulations, including state cooperative laws, Multi-State Cooperative Societies Act provisions, tax laws, audit requirements, and government guidelines. These procedures are often lengthy and complex, limiting managerial flexibility and delaying decision-making.

Challenges in the Operational Efficiency of Co-operatives – At a Glance

1. Lack of professional and skilled management
2. Political and governmental interference in decision-making
3. Weak financial base and inadequate working capital
4. High level of overdues and poor recovery of loans
5. Low member participation and commitment
6. Inefficient administrative and internal control systems
7. Delay in decision-making processes
8. Inadequate training and capacity building of staff and leaders
9. Poor adoption of modern technology and systems
10. Limited marketing support and competitive pressure from private enterprises
11. Lack of transparency and accountability
12. Inadequate coordination among different levels of co-operative institutions

These challenges collectively affect the efficiency, competitiveness, and sustainability of co-operative organizations.

6.1.4 Strategies for the Sustainable Development of Co-operatives in India

Sustainable development of co-operatives in India needs a balanced approach that strengthens their internal systems, enhances member participation, and improves their ability to operate efficiently in a competitive environment. One of the important strategies is professionalisation of management. Co-operatives can benefit greatly from trained managers, modern accounting systems, digital record-keeping, and data-driven

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decision-making. Capacity-building programmes, regular training, and exposure visits can enhance the efficiency of board members and employees.

Another strategy is strengthening member participation. Co-operatives function best when members actively engage in meetings, vote on decisions, and monitor performance. Encouraging democratic processes and member education promotes accountability and shared ownership. Improving financial sustainability is also important. Co-operatives can adopt prudent financial practices such as diversification of revenue sources, and timely audits. Access to affordable credit through dedicated development institutions and digital finance tools can support their growth. Technological upgradation is an important driver of sustainability. Adoption of digital platforms for procurement data management, and service delivery helps co-operatives remain competitive. Using mobile apps and digital payment systems can improve efficiency and reduce transaction costs.

Another strategy is strengthening linkages with markets. Co-operatives need to develop partnerships with agro-processing units, retail chains, research institutions, and training centres. Promoting good governance practices such as transparency, accountability, timely elections, and regular audits, helps build trust among members and stakeholders. Ensuring adherence to co-operative principles also strengthens long-term credibility. Encouraging innovation and diversification like value-added products, new services, and climate-resilient activities supports sustainable growth. Together, these strategies enable co-operatives in India to remain member-focused, financially sound, and socially responsible while adapting to changing economic conditions.

Strategies for the Sustainable Development of Co-operatives in India – At a Glance

1. Professionalization of co-operative management
2. Reduction of excessive government and political interference
3. Strengthening financial base and capital structure
4. Enhancing member participation and ownership
5. Adoption of modern technology and digital systems
6. Regular education and training for members, directors, and employees
7. Ensuring transparency, accountability, and good governance
8. Diversification of activities and services
9. Improving marketing, branding, and value addition
10. Strengthening co-operative institutions and federations
11. Encouraging youth and women participation in co-operatives
12. Aligning co-operatives with sustainable and inclusive development goals

These strategies help co-operatives remain competitive, self-reliant, and socially relevant in the changing economic environment of India.

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Recap

- ◊ Co-operatives are formed to meet common needs through collective effort.
- ◊ Financial aids from NABARD and cooperative banks strengthen capital base.
- ◊ Managerial aids help co-operatives adopt modern business practices.
- ◊ Technical support improves supply chains and record-keeping.
- ◊ Marketing aids help farmers and producers obtain fair prices.
- ◊ Lack of professional management reduces competitiveness.
- ◊ Low member participation weakens democratic decision-making.
- ◊ Poor infrastructure affects quality, storage, and logistics.
- ◊ Weak audits increase chances of corruption.

Objective Questions

1. Which principle of co-operation ensures one member–one vote?
2. Why do co-operatives require financial aid from institutions like NABARD?
3. Who provides legal and administrative support to co-operatives?
4. What type of aid helps members gain knowledge on finance, leadership, and auditing?
5. What causes low participation of members in co-operative governance?
6. Which technological tool improves transparency and efficiency in co-operatives?

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Answers

1. Democratic control
2. To strengthen capital and support operations
3. Registrar of Co-operative Societies (RCS)
4. Educational and training aids
5. Lack of awareness and interest
6. Digital payment systems and MIS software

Assignments

1. Prepare structured assignment explaining the various aids provided to co-operatives.
2. Explain Major Issues Faced in Co-operative Management.
3. Discuss how co-operatives contribute to rural employment, income generation, and social development.
4. Analyze various schemes, refinance support, and developmental initiatives of NABARD.

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Unit 2
Co-operative Organisation and Institutes

Learning Outcomes

After studying this unit, learners will be able to:

- ◊ analyse Marketing, Consumer, and Sectoral Apex Federations (NAFED, NCCF, FISHCOPFED, NDDB)
- ◊ evaluate Fertiliser and Farm Forestry Cooperatives (IFFCO, KRIBHCO, IFFDC)
- ◊ assess Urban, Labour, and Housing Institutions (NAFCUB, NLCF, NHB)
- ◊ explain the structure, objectives, and major functions of NABARD in rural credit and development

Prerequisite

A farmer may need fertilisers and agricultural marketing support, a dairy farmer may need assistance in milk collection and marketing, and a rural co-operative bank may need financial and developmental support. A local co-operative society cannot provide all these services by itself. Therefore, different national-level organisations have been established to support particular areas of the co-operative movement. Organisations such as NAFED support agricultural marketing, IFFCO and KRIBHCO are associated with fertilisers, NABARD supports agriculture and rural development, and NDDB is associated with dairy development. Similarly, NCDC provides support for the development of co-operative activities in different sectors. Other organisations support banking, fisheries, housing and other specialised areas. This background helps learners understand why different national co-operative organisations and institutions exist and how they provide assistance to co-operatives in different sectors.

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Keywords

Apex Cooperative Institution, Cooperative Marketing, Rural Credit Architecture

Discussion

6.2.1 National Agricultural Cooperative Marketing Federation of India (NAFED)

The National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED) is one of the important cooperative organizations in India. It was established on 2nd October 1958 with the objective of promoting the marketing of agricultural produce across India. NAFED works under the administrative control of the Ministry of Agriculture and Farmers Welfare, Government of India. Its mission is to guarantee fair prices for farmers and to strengthen cooperative marketing structures at the national level.

NAFED is also entrusted with important responsibilities such as procurement of agricultural commodities under the Minimum Support Price (MSP) scheme, market intervention operations, and price stabilization of essential commodities on behalf of the Government of India. In addition, it undertakes import and export of agricultural produce, maintains buffer stocks, and provides market intelligence to member co-operatives. Through these activities, NAFED contributes significantly to protecting farmers from market fluctuations, strengthening the co-operative marketing system, and promoting sustainable agricultural and rural development in India.

6.2.1.1 Objectives and Functions of NAFED

The main objective of NAFED is to encourage the cooperative marketing of agricultural produce to protect farmers from exploitation by middlemen and private traders. The federation supports in the procurement, storage, processing, distribution, and export of agricultural commodities. By doing so, it guarantees that the producers get remunerative prices for their produce and that consumers receive quality products at reasonable rates.

NAFED also serves as an vital agency for the Price Support Scheme (PSS) and the Market Intervention Scheme (MIS) of the Government of India. Under these schemes, NAFED undertakes the obtaining of notified agricultural commodities such as pulses, oilseeds, and cotton at the Minimum Support Price (MSP) fixed by the government. This initiative protects farmers from distress sales during times of surplus production and helps in maintaining stable price in the market.

NAFED also deals in import and export activities. It exports a wide range of agricultural commodities like onions, potatoes, groundnuts, and processed food

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products to various countries. It also imports commodities like edible oils and pulses to ensure their adequate availability in the domestic market. Through these activities, NAFED contributes to India's agricultural trade and food security.

Objectives at a glance :

1. To organize, promote, and develop co-operative marketing of agricultural produce
2. To ensure remunerative prices to farmers
3. To eliminate middlemen and protect farmers' interests
4. To support price stabilization of essential agricultural commodities

Functions of NAFED

1. Procurement of agricultural commodities under Minimum Support Price (MSP) operations
2. Marketing, storage, and distribution of agricultural produce
3. Import and export of agricultural commodities
4. Market intervention operations on behalf of the Government of India
5. Providing marketing intelligence and support to member co-operatives

Significance of NAFED

1. Acts as a link between farmers, co-operatives, and markets
2. Strengthens the co-operative marketing structure in India
3. Supports farmers during price fluctuations and market distress
4. Contributes to agricultural development and rural income stability

NAFED plays a vital role in India's co-operative movement by safeguarding farmers' interests, improving agricultural marketing efficiency, and ensuring price stability, thereby contributing significantly to rural and agricultural development.

6.2.1.2 Role in Agricultural Development

Over the years, NAFED has diversified its activities to support agricultural development. It promotes organic farming, seed production, and floriculture, thereby encouraging sustainable agricultural practices. NAFED also operates processing plants, cold storages, and warehousing facilities to minimize post-harvest losses and enhance the shelf life of perishable goods.

Through its cooperative network, NAFED has helped to build a bridge between farmers and consumers by reducing the intermediaries. This direct link ensures better income for farmers and lower prices for consumers. It also provides technical support and training to primary cooperative societies and marketing federations at the state and district levels.

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6.2.2 Indian Farmers Fertiliser Cooperative Limited (IFFCO)

The Indian Farmers Fertiliser Cooperative Limited (IFFCO) is one of the largest cooperative societies, owned entirely by Indian farmers. It was established in 1967 with the purpose of producing and distributing high-quality fertilizers to support agricultural development in the country. Headquartered in New Delhi, IFFCO functions as a Multi-State Cooperative Society under the Multi-State Cooperative Societies Act, 2002. IFFCO has grown into a globally recognized cooperative institution, contributing significantly to India's agricultural productivity and rural economy.

6.2.2.1 Origin and Objectives

In the 1960s, India faced severe shortages of fertilizers, which delayed the growth of agriculture and the success of the Green Revolution. To overcome this challenge, the Government of India, along with cooperative institutions, established IFFCO as a joint venture between the government and the cooperative sector. Its main aim was to manufacture and distribute fertilizers to farmers through cooperative marketing network.

6.2.2.2 The key objectives of IFFCO include

1. Ensuring timely availability of quality fertilizers to farmers at affordable prices.
2. Promoting balanced and efficient use of fertilizers for sustainable agricultural productivity.
3. Strengthening the cooperative movement by involving farmers in production, distribution, and decision-making processes.
4. Encouraging rural development through education, training, and social initiatives.

6.2.2.3 Functions and Operations

IFFCO operates through a network of over 36,000 member cooperatives, representing more than 50 million farmers across India. It owns several large fertilizer plants located in Kalol and Kandla (Gujarat), Phulpur and Aonla (Uttar Pradesh), and Paradeep (Odisha). These plants produce urea, DAP (Di-Ammonium Phosphate), NPK complexes, and other fertilizers essential for crop growth.

IFFCO also deals in agricultural chemicals, bio-fertilizers, and micro-nutrients to promote eco-friendly farming. It has diversified into renewable energy, rural communication, and e-commerce to enhance the overall quality of rural life. The organization promotes digital initiatives like IFFCO Bazar, an online platform where farmers can buy agricultural products and receive expert advice. IFFCO is engaged in research and development (R&D) to promote sustainable agriculture. It encourages the use of bio-fertilizers and organic manures to reduce dependence on chemical fertilizers.

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Through farmer education programs, it spreads awareness about modern agricultural practices, soil testing, and balanced nutrient management.

IFFCO plays an important role not only in agricultural growth but also in the socio-economic development of rural India. It supports a variety of community development projects including education, healthcare, sanitation, women empowerment, and environmental protection. The cooperative structure guarantees that the profits earned by IFFCO are reinvested for the benefit of its farmer members and the rural community.

IFFCO – Functions and Operations at a glance :

1. Manufacture and supply of chemical fertilizers such as urea, NPK, DAP, and complex fertilizers
2. Ensuring timely and adequate availability of fertilizers to farmers across India
3. Promotion of balanced and efficient use of fertilizers to enhance agricultural productivity
4. Support to farmers through extension services, soil health awareness, and advisory programmes
5. Distribution of fertilizers through a vast network of co-operative societies
6. Import and export of fertilizers and raw materials required for production
7. Research and development activities for improved fertilizer products
8. Adoption of eco-friendly and energy-efficient production technologies
9. Participation in international joint ventures related to fertilizer production
10. Capacity building and training of co-operative societies and farmers
11. Contribution to food security and sustainable agricultural development in India

In conclusion, IFFCO plays a pivotal role in strengthening Indian agriculture and the co-operative movement by ensuring the timely supply of quality fertilizers at affordable prices. Through its extensive co-operative network, farmer-oriented services, research initiatives, and adoption of modern and eco-friendly technologies, IFFCO contributes significantly to agricultural productivity and food security. By combining economic efficiency with co-operative values, IFFCO stands as a successful model of a farmer-owned institution driving sustainable agricultural and rural development in India.

6.2.3 Indian Farm Forestry Development Cooperative Limited (IFFDC)

The Indian Farm Forestry Development Cooperative Limited (IFFDC) is an exclusive and pioneering organisation in India that combines the principles of cooperation and sustainable rural development. It was established in 1993 as a subsidiary of the Indian Farmers Fertiliser Cooperative Limited (IFFCO). IFFDC was formed with the objective

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of promoting farm forestry, wasteland development, and livelihood generation among rural communities, particularly small and marginal farmers.

During the early 1990s, India faced many challenges related to deforestation, soil degradation, and declining agricultural productivity. Communities depending on natural resources were facing increasing poverty and unemployment. Recognizing the need for a sustainable and cooperative solution, IFFCO took the steps to establish IFFDC as an organization that would focus on farm forestry and rural livelihood promotion through a cooperative framework.

6.2.3.1 Objectives of IFFDC

1. Promoting tree-based farming systems on degraded and marginal lands.
2. Developing wastelands and common lands to improve ecological balance and resource sustainability.
3. Enhancing livelihood opportunities for rural communities, especially for landless labourers and marginalized farmers.
4. Encouraging women's participation in rural development and decision-making processes.
5. Supporting self-reliance and community-based natural resource management.

IFFDC operates through a network of village-level cooperatives and self-help groups, ensuring people's participation in planning and implementing developmental activities.

Some of the major activities undertaken by IFFDC include

6.2.3.2 Farm Forestry and Wasteland Development

IFFDC encourages the plantation of trees on private and community lands, helping in reforestation and soil conservation. These plantations restore ecological balance and generate income from timber, fuelwood, fruits, and non-timber forest products.

6.2.3.3 Watershed Management

IFFDC has implemented many watershed development projects with the support of government and international agencies. These projects help in rainwater harvesting, improving soil moisture, and increasing groundwater levels and making agriculture more sustainable.

6.2.3.4 Livelihood Promotion

IFFDC is supporting rural communities by providing skill development training, promoting micro-enterprises, and facilitating micro-finance through self-help groups.

6.2.3.5 Women Empowerment and Social Development

IFFDC ensures participation of women in its programs by organising women's cooperatives and promoting leadership training. It undertakes initiatives in healthcare,

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education, sanitation, and community infrastructure development.

Over the years, IFFDC has made a substantial impact on rural development in India. It has successfully implemented projects across more than 15 states, covering millions of hectares of wastelands. Its activities have improved the green cover, increased household incomes, and enhanced the quality of life in rural areas. IFFDC's model of combining environmental conservation with economic empowerment has been recognised nationally and internationally.

In conclusion, the Indian Farmers Fertiliser Development Corporation (IFFDC) occupies a crucial place in India's co-operative and rural development framework by extending the role of co-operatives beyond fertiliser distribution to holistic and sustainable rural development. Established as a development-oriented institution promoted by IFFCO, IFFDC functions as an implementing agency for various national and international development programmes. Its major functions include promotion of sustainable agricultural practices, use of bio-fertilisers and organic inputs, soil and water conservation, watershed management, irrigation development, rural infrastructure creation, and enhancement of farm productivity. In addition, IFFDC undertakes capacity-building initiatives such as training farmers, self-help groups, and co-operative members, thereby strengthening grassroots institutions and improving managerial and technical skills in rural areas.

The significance of IFFDC lies in its integrated approach to development, which combines economic growth with environmental protection and social inclusion. By focusing on natural resource management, climate-resilient agriculture, livelihood diversification, and women and youth empowerment, IFFDC contributes to long-term rural sustainability. Its programmes help reduce regional disparities, increase farmers' incomes, and improve the quality of life in rural communities. Through effective implementation of development projects in collaboration with government agencies, co-operatives, and international organizations, IFFDC reinforces the objectives of the co-operative movement and plays a vital role in achieving inclusive, sustainable, and participatory rural development in India.

6.2.4 Krishak Bharati Cooperative Limited (KRIBHCO)

The Krishak Bharati Cooperative Limited (KRIBHCO) is dedicated to promoting agricultural growth and the welfare of farmers. It was created with the objective of empowering farmers by ensuring the supply of high-quality fertilizers supporting sustainable agricultural practices. KRIBHCO has emerged as a model of cooperative success in India's fertilizer and rural development sectors.

During the late 1970s, India was witnessing a quick expansion in agricultural production as a result of the Green Revolution. The demand for fertilizers and the need for farmer participation in production and distribution led to the formation of KRIBHCO. The Government of India initiated KRIBHCO to enhance fertilizer availability and promote the cooperative movement in agricultural marketing. The organization its operations with the establishment of a urea plant at Hazira, Gujarat, in collaboration

with international technology partners.

6.2.4.1 Objectives of KRIBHCO

1. Manufacturing and marketing of high-quality fertilizers to meet the needs of Indian agriculture.
2. Ensuring timely and affordable supply of agricultural inputs through cooperative channels.
3. Promoting balanced and efficient fertilizer use for improved soil health.
4. Encouraging sustainable agriculture, water conservation, and rural development.
5. Strengthening the cooperative network by involving farmers in management and decision-making.

The flagship production facility of KRIBHCO is located at Hazira in Gujarat, that is one of India's most energy-efficient and environment-friendly fertilizer plants. It produces urea and ammonia using advanced technology. KRIBHCO also markets phosphatic fertilizers (DAP and NPK), bio-fertilizers, and organic manure under its brand name.

KRIBHCO has a vast marketing network covering almost all state in India through state-level marketing federations, cooperative societies, and retail outlets. It guarantees that farmers in remote areas have access to essential inputs and agricultural services.

The organization has diversified its operations beyond fertilizers. It is involved in seeds production and distribution, crop advisory services and logistics. KRIBHCO has also made significant investments in renewable energy, gas-based power plants, and port operations, contributing to India's infrastructure and energy security.

Through its Integrated Rural Development Program (IRDP), KRIBHCO undertakes projects related to healthcare, sanitation, women empowerment, environmental conservation, and vocational training. The cooperative organizes farmers' training programs and soil testing campaigns to promote scientific farming practices and sustainable resource use.

Functions of Krishak Bharati Cooperative Limited (KRIBHCO)

Krishak Bharati Cooperative Limited (KRIBHCO) is one of India's premier national-level multi-state co-operative societies, primarily serving the agricultural sector. Its key functions include:

1. Production of Fertilizers : KRIBHCO manufactures chemical fertilizers, especially nitrogenous and phosphatic fertilizers such as urea, to support agricultural productivity.
2. Distribution and Marketing of Fertilizers: It ensures timely and affordable supply of fertilizers to farmers through a wide network of co-operative societies and distributors across India.

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3. Support to Farmers and Member Co-operatives: KRIBHCO strengthens primary agricultural co-operatives by providing financial assistance, technical guidance, and institutional support.

4. Agricultural Extension and Training: It conducts farmer education programs, training camps, and demonstrations to promote balanced fertilizer use, modern farming practices, and soil health management.

5. Import and Export of Fertilizers and Raw Materials: KRIBHCO undertakes import of fertilizers and raw materials and also exports surplus production to ensure availability and price stability.

6. Promotion of Sustainable Agriculture: The organization promotes eco-friendly and sustainable agricultural practices, including soil testing, organic inputs, and efficient nutrient management.

7. Research and Development Activities: KRIBHCO supports agricultural research, innovation, and adoption of new technologies to enhance crop yield and farm productivity.

8. International Joint Ventures and Cooperation: It participates in overseas joint ventures for fertilizer production and sourcing, helping India secure long-term fertilizer supplies.

9. Rural and Community Development: KRIBHCO undertakes rural development initiatives, including infrastructure development, health, education, and community welfare programs.

10. Policy Support and Advisory Role: It acts as a key stakeholder in advising government on fertilizer policy and agricultural development through the co-operative framework.

In essence, KRIBHCO functions as a farmer-centric co-operative institution that integrates fertilizer production, distribution, farmer support, and sustainable agricultural development to strengthen India's agricultural economy.

6.2.5 National Bank for Agriculture and Rural Development (NABARD)

The National Bank for Agriculture and Rural Development (NABARD) is the apex development financial institution in India that plays a key role in promoting agriculture and rural development. Established on 12th July 1982, NABARD was created through an Act of Parliament based on the recommendations of the Committee to Review the Arrangements for Institutional Credit for Agriculture and Rural Development (CRAFICARD) chaired by B. Sivaraman. This has supported many rural families become economically independent. NABARD functions under the jurisdiction of the Ministry of Finance, Government of India. NABARD has been instrumental in shaping India's rural credit structure, supporting cooperative institutions, regional rural banks, and various non-banking financial institutions.

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6.2.5.1 Objectives of NABARD

NABARD's main objective is to promote sustainable and equitable agriculture and rural development through financial and non-financial interventions,

Its key objectives are:

1. Providing and Regulating Credit

To provide and regulate credit facilities for the promotion and development of agriculture sector, small-scale industries, cottage and village industries, handicrafts, and other rural crafts.

2. Refinancing Support

NABARD provides refinancing to cooperative banks, regional rural banks (RRBs), and commercial banks for extending credit to farmers and rural entrepreneurs.

3. Developmental and Supervisory Role

It acts as a catalyst in building a strong rural financial system by supervising cooperative banks and RRBs and ensuring their operational efficiency.

4. Promotion of Sustainable Agriculture

It inspires projects related to soil conservation, watershed management, afforestation, and irrigation, thereby promoting environmentally sustainable agricultural practices.

5. Facilitating Rural Infrastructure

NABARD provides long-term financial support for the creation of rural infrastructure like roads, bridges, irrigation systems and cold storages, which are essential for agricultural growth.

6. Promoting Inclusive Growth

It works toward the upliftment of weaker sections, including small farmers, rural artisans, and women, through self-help groups (SHGs) and micro-finance programs.

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6.2.5.2 Functions of NABARD

The National Bank for Agriculture and Rural Development (NABARD) was established in the year 1982 through an Act of Parliament, which replaced the Agricultural Credit Department and Rural Planning and Credit Cell of the Reserve Bank of India (RBI). As the apex development bank for agriculture and rural development, NABARD plays a vital role in promoting sustainable and inclusive growth in the rural economy. Its main objective is to facilitate credit flow for the promotion and development of agriculture, small-scale industries, and other rural sectors.

The functions of NABARD can be broadly classified into credit, developmental, and supervisory functions.

1. Credit Functions

NABARD serves as the main agency for providing and regulating rural credit. It offers refinance assistance to commercial banks, cooperative banks, and regional rural banks (RRBs) that lend to agriculture and rural development projects. This guarantees the availability of adequate, timely, and affordable credit for farmers and rural entrepreneurs. NABARD also provides direct finance for projects related to irrigation, rural roads, warehouses, and market yards through schemes like the Rural Infrastructure Development Fund (RIDF). It supports short-term agricultural credit for seasonal operations and long-term credit for capital investment in agriculture and allied activities.

2. Developmental Functions

NABARD undertakes numerous promotional and developmental activities to reinforce the rural credit system and improve rural livelihoods. It offers training, consultancy, and capacity-building support to cooperative banks and RRBs to improve their efficiency. NABARD also promotes microfinance and self-help groups (SHGs), empowering women and weaker sections of society through access to small loans. It supports the formation and development of Farmers' Producer Organizations (FPOs) to help small farmers collectively market their produce. NABARD implements various development programmes like the Watershed Development Fund (WDF) and Tribal Development Fund (TDF), focusing on sustainable natural resource management and livelihood improvement.

3. Supervisory Functions

NABARD exercises regulatory and supervisory authority over cooperative banks and regional rural banks. It conducts inspections, audits, and performance evaluations to guarantee financial discipline and operational efficiency. NABARD also provides policy advice to the Reserve Bank of India and the Government of India on matters related to rural banking, credit policy, and agricultural finance.

6.2.5.3 Organizational Structure of NABARD

NABARD has a three-tier organizational structure comprising:

1. Head Office

Located in Mumbai, it is responsible for policy formulation and overall management.

2. Regional Offices

Located in all state capitals, they implement NABARD's policies and coordinate with state governments and financial institutions.

3. District Development Offices (DDOs)

They serve as field-level units for implementing projects, monitoring, and providing local support to rural institutions.

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The Board of Directors of NABARD includes representatives from the Government of India, Reserve Bank of India, and other experts in agriculture and rural finance. The Chairman and Managing Director lead the organization.

Thus the National Bank for Agriculture and Rural Development (NABARD) plays a pivotal role in strengthening India's rural and agricultural economy. As the apex development financial institution for agriculture, rural development, and allied sectors, NABARD provides critical financial support, policy guidance, and institutional development to banks, co-operatives, and rural institutions. Through its refinancing operations, development initiatives, and supervisory functions, NABARD ensures the steady flow of credit to farmers, artisans, self-help groups, and rural entrepreneurs. Moreover, its focus on sustainable development, financial inclusion, infrastructure creation, and capacity building has significantly contributed to poverty reduction and balanced regional growth. Overall, NABARD acts as a catalyst for inclusive and sustainable rural development, making it an indispensable pillar of India's development framework.

6.2.6 National Cooperative Agriculture and Rural Development Banks' Federation (NCARDBF)

The National Cooperative Agriculture and Rural Development Banks' Federation (NCARDBF) is the apex organization representing the long-term cooperative credit structure (LTCCS) in India. It serves as a national-level federation of State Cooperative Agriculture and Rural Development Banks (SCARDBs) and Primary Cooperative Agriculture and Rural Development Banks (PCARDBs), working to promote agricultural and rural development through institutional credit. NCARDBF has played a key role in strengthening the cooperative credit system and guaranteeing the flow of long-term finance for agricultural and rural infrastructure development.

Before NCARDBF, there was no organization representing the interests of cooperative land development banks at the national level. During the 1950s agriculture sector in India required long-term financing for land improvement, mechanization, and rural infrastructure. Recognizing the need for coordination among state-level cooperative banks providing long-term loans, the All-India Land Development Banks' Association was formed, that later evolved into the NCARDBF.

6.2.6.1 Objectives of NCARDBF

NCARDBF was established with the following key objectives

1. To represent and promote the interests of agriculture and rural development banks at the national level.
2. To coordinate the functioning of State and Primary Cooperative Agriculture and Rural Development Banks across the country.
3. To strengthen and support the long-term cooperative credit system through policy advocacy, training, and research.

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4. To act as a liaison agency between member banks, the Government of India, the Reserve Bank of India (RBI), and the National Bank for Agriculture and Rural Development (NABARD).

5. To promote sound credit policies, effective management practices, and financial discipline among cooperative banks.

6. To facilitate resource mobilization and ensure adequate long-term funds for agricultural and rural development projects.

6.2.6.2 Structure and Membership

The NCARDBF functions as a federation of federations at the national level. Its membership includes

1. State Cooperative Agriculture and Rural Development Banks (SCARDBs) – operating at the state level.

2. Primary Cooperative Agriculture and Rural Development Banks (PCARDBs) –operating at the district or taluk level.

3. The federation's Head Office is located in New Delhi, and it operates under the Multi-State Cooperative Societies Act, 2002. The governance structure includes a Board of Directors, consisting of representatives from member banks, cooperative leaders, and experts in agriculture and finance.

6.2.6.3 Functions of NCARDBF

NCARDBF performs different functions to strengthen cooperative credit institutions and enhance rural credit delivery systems. These include:

◊ **Policy Advocacy**

The federation represents the interests of its member banks to the Government of India, NABARD, and the RBI. It participates in consultations and provides policy suggestions on cooperative credit, financial inclusion, and rural development.

◊ **Coordination and Guidance**

NCARDBF coordinates the activities of SCARDBs and PCARDBs, ensuring uniformity in policies, lending practices, and financial management across states.

◊ **Training and Capacity Building**

It organizes seminars, workshops, and training programs for officials of member banks to improve their managerial and technical skills in credit appraisal, project evaluation, and risk management.

◊ **Research and Development**

NCARDBF conducts studies on issues related to rural credit, agricultural finance, and cooperative management. The findings help in designing strategies to make the cooperative credit system more effective and sustainable.

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◊ **Information and Data Sharing**

The federation collects, compiles, and disseminates data on the performance of cooperative agriculture and rural development banks. It publishes reports, journals, and newsletters to share knowledge and best practices.

◊ **Promotion of Long-Term Credit**

One of its core functions is to facilitate the flow of long-term credit for investments in agriculture, irrigation, dairy farming, horticulture, and rural infrastructure projects like roads, storage, and housing.

◊ **Liaison and Representation**

NCARDBF acts as a link between member banks and various national and international agencies to explore financial and technical cooperation for rural development projects.

6.2.6.4 Role in Agricultural and Rural Development

NCARDBF has been instrumental in promoting long-term investment credit for the agriculture sector. Unlike short-term credit institutions that focus on crop loans, the federation's member banks provide finance for long-term capital formation such as land improvement, farm mechanisation, and irrigation facilities.

Through its member banks, NCARDBF supports

- ◊ Farm mechanization and irrigation systems to enhance productivity.
- ◊ Agro-based industries and rural enterprises to generate employment.
- ◊ Housing and infrastructure projects to improve rural living standards.
- ◊ Renewable energy and eco-friendly initiatives to promote sustainable rural development.

By ensuring long-term credit flow and providing policy inputs, NCARDBF contributes significantly to achieving the objectives of inclusive growth and rural prosperity.

6.2.6.5 Challenges and Future Prospects

Despite its achievements, NCARDBF faces many challenges such as overdependence on external refinancing, weak financial health of some member banks, and inadequate modernization of cooperative institutions. Digital transformation and competition from commercial banks require NCARDBF to adopt innovative approaches and technological advancements.

Looking ahead, NCARDBF aims to

- ◊ Strengthen the financial base of cooperative banks.
- ◊ Promote digital banking and financial literacy in rural areas.
- ◊ Expand long-term credit for climate-resilient agriculture and renewable energy projects.
- ◊ Deepen partnerships with NABARD, RBI, and government agencies for inclusive rural development.

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Thus the National Co-operative Agriculture and Rural Development Banks' Federation (NCARDBF) plays a vital role in strengthening the long-term rural credit structure of India. By serving as the national apex organization for State Co-operative Agriculture and Rural Development Banks and Primary Co-operative Agriculture and Rural Development Banks, NCARDBF promotes coordination, financial stability, and institutional efficiency within the cooperative credit system. Through policy advocacy, capacity building, research, and liaison with NABARD and the Government, the Federation supports sustainable agricultural and rural development. Overall, NCARDBF acts as a unifying and guiding force, ensuring that cooperative institutions effectively meet the long-term credit needs of farmers and rural communities, thereby contributing to inclusive rural growth.

6.2.7 National Cooperative Consumers' Federation of India (NCCF)

The National Cooperative Consumers' Federation of India Limited (NCCF) is established in 1965, NCCF functions under the administrative control of the Ministry of Consumer Affairs, Food and Public Distribution, Government of India. It plays a vital role in organizing, promoting, and coordinating the activities of consumer cooperatives across India. The federation works to safeguard consumers' interests by ensuring the availability of quality goods at fair prices, while also promoting the cooperative movement as a tool for economic and social development.

After independence, India faced challenges such as shortages of essential commodities, price fluctuations, and exploitation of consumers by private traders. To overcome these challenges and to protect interest of consumers, the government encouraged the formation of consumer cooperatives. As a result, the National Cooperative Consumers' Federation of India Ltd. (NCCF) was set up on 16 October 1965, with its headquarters in New Delhi.

The main idea behind the establishment of NCCF was to create a coordinating agency that could help consumer cooperatives at the state, district, and local levels function efficiently, ensuring the supply of essential commodities to the public at reasonable prices.

6.2.7.1 Objectives of NCCF

1. The objectives of NCCF reflect its commitment to promoting consumer welfare and the cooperative spirit. Its primary goals are:
2. To organize and promote consumer cooperatives at various levels throughout India.
3. To make available consumer goods of daily necessity—such as food grains, pulses, edible oils, sugar, textiles, and household items—at fair and stable prices.
4. To eliminate middlemen and unfair trade practices, ensuring that consumers receive quality products at reasonable rates.

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5. To act as a federation for coordinating the activities of state-level consumer cooperative federations and providing them with guidance and support.
6. To undertake wholesale and retail trade in consumer goods, agricultural inputs, and industrial products.
7. To represent consumer cooperatives at national and international forums and liaise with the government for policy advocacy.

6.2.7.2 Functions and Activities

NCCF undertakes a wide range of activities to fulfil its objectives. Its major functions include

1. Wholesale and Retail Trade

NCCF procures essential commodities from producers and manufacturers and distributes them through its own outlets as well as through member cooperatives. This helps in maintaining price stability and reducing exploitation by private traders.

2. Procurement and Distribution

The federation undertakes procurement of essential goods like food grains, pulses, edible oils, sugar, textiles, and fertilizers, and ensures their timely supply to consumer cooperatives and government agencies.

3. Import and Export Operations

NCCF also participates in the import of essential commodities such as edible oils and pulses during times of shortage. It exports agricultural and consumer goods to promote India's cooperative trade globally.

4. Price Stabilization

During inflation or scarcity, NCCF plays a critical role in price stabilization operations by supplying essential commodities at controlled rates. It collaborates with government agencies for such interventions.

5. Consumer Awareness and Education

NCCF conducts consumer education and awareness programs to educate the public about their rights and responsibilities as consumers. It promotes the concept of ethical trade and responsible consumption.

6. Support to State Federations

NCCF provides guidance, training, and financial assistance to state cooperative consumer federations, helping them improve their management, logistics, and marketing operations.

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6.2.7.3 Role in the Cooperative Movement and Economic Development

NCCF has been instrumental in strengthening India's consumer cooperative movement. By linking producers and consumers directly, it has minimised the role of middlemen and contributed to price transparency in the market.

Its activities support economic democracy, as profits earned through cooperative trade are shared among members or reinvested in community welfare. The federation provides employment opportunities in rural and urban areas through its retail outlets, warehouses, and trading operations.

NCCF has also collaborated with other apex cooperative organizations such as NAFED (National Agricultural Cooperative Marketing Federation), IIFCO (Indian Farmers Fertiliser Cooperative), and KRIBHCO (Krishak Bharati Cooperative) to strengthen cooperative trade in India.

6.2.8 National Federation of Fishers' Cooperatives Ltd. (FISHCOPFED)

The National Federation of Fishers' Cooperatives Ltd. (FISHCOPFED) is the organization representing the interests of the fisheries cooperatives in India. Established in 1980, FISHCOPFED operates under the administrative control of the Department of Fisheries, Ministry of Fisheries, Animal Husbandry and Dairying, Government of India. It serves as the national-level federation of fishery cooperatives from across the country and plays a key role in organizing, promoting, and strengthening cooperative activities in the fisheries sector.

India has one of the largest fishery sectors in the world, contributing significantly to national income, employment, and exports. Fishermen, especially those from small-scale and traditional communities, often face socio-economic challenges such as poverty, low productivity, and lack of access to markets and credit. Recognizing these issues, the Government of India established FISHCOPFED to provide a collective institutional platform to the fisherfolk through cooperatives.

The main aim of FISHCOPFED is to organize fishers into cooperatives and promote their socio-economic upliftment by providing access to credit, technology and welfare schemes. It acts as the apex body that coordinates and represents the interests of fishery cooperatives at national and international forums.

6.2.8.1 Objectives of FISHCOPFED

1. To organize and strengthen fisheries cooperatives at all levels – primary, district, and state.
2. To protect and promote the interests of fishers, especially those involved in small-scale and inland fisheries.
3. To facilitate credit and input supply for fishery activities.

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4. To develop marketing networks for fish and fishery products, ensuring better price realization for producers.

5. To assist in implementing government schemes for fisheries development and fishermen's welfare.

6. To promote modern technologies, sustainable fishing practices, and capacity building among fishers.

6.2.8.2 Organizational Structure

FISHCOPFED is a multi-tier cooperative organization comprising State Fishermen's Cooperative Federations and National-level cooperative institutions engaged in fisheries. It functions through an elected Board of Directors representing different states and union territories. The President and Managing Director lead the organization, supported by professionals specializing in cooperative management, fisheries, and marketing.

The federation works closely with the National Cooperative Development Corporation (NCDC), NABARD, Central and State Fisheries Departments, and international development agencies to implement projects and training programs for fishers' cooperatives.

6.2.8.3 Functions and Activities

Policy Advocacy

FISHCOPFED represents the concerns of fishers before the Government of India and ensure their inclusion in national fisheries policies and welfare programs.

Training and Capacity Building

FISHCOPFED conducts training programs, workshops, and awareness campaigns to educate fishers on cooperative management, fish farming, processing, and marketing.

Financial and Technical Support

The federation assists member cooperatives in accessing credit, subsidies, and insurance facilities, and promotes modern techniques.

Marketing and Processing

It facilitates the creation of marketing channels, cold storage, and processing facilities for fish and fishery products to enhance value addition and profitability.

Social Welfare and Safety

FISHCOPFED implements welfare schemes such as Group Accident Insurance for active fishermen, providing financial protection and social security.

Research and Development

The federation collaborates with fisheries research institutions to disseminate scientific knowledge and promote sustainable fishery practices.

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FISHCOPFED has played a vital role in improving the socio-economic status of India's fisherfolk community. By organizing fishermen into cooperatives, it has enabled them to gain collective bargaining power, better access to inputs, and more secure livelihoods. It also promotes gender participation, encouraging women's cooperatives in fish processing and marketing.

Through its collaboration with government and non-government organizations, FISHCOPFED confirms the implementation of welfare schemes, technology transfer, and capacity enhancement at the grassroots level. It works to promote sustainable fisheries management, aligning with global environmental and livelihood goals.

In conclusion, the National Federation of Fishermen's Co-operatives Limited (FISHCOPFED) plays a crucial role in the socio-economic upliftment of the fishing community in India. By acting as the apex body for fishermen's co-operatives, it strengthens cooperative institutions, ensures fair marketing of fish and fishery products, and facilitates access to essential inputs, credit, and modern technology. Through capacity building, welfare initiatives, and coordination with government agencies, FISHCOPFED promotes sustainable fisheries development and improves the livelihoods of fisherfolk. Overall, it serves as an important instrument for inclusive growth, resource sustainability, and empowerment of the fisheries sector within the cooperative framework.

6.2.9 National Federation of Urban Cooperative Banks and Credit Societies Ltd. (NAFCUB)

The National Federation of Urban Cooperative Banks and Credit Societies Ltd. (NAFCUB) is the apex-level federation representing the urban cooperative banking sector in India. Established in 1977, NAFCUB plays a vital role in promoting, protecting, and strengthening urban cooperative banks (UCBs) and credit societies, that form an integral part of India's cooperative financial system. It serves as the national voice of the urban cooperative credit movement and works to enhance its role in financial inclusion and economic development.

The urban cooperative banking movement in India began in the early 20th century to serve to the financial needs of small traders, salaried employees, and urban middle-class citizens. With increasing regulatory complexities and competition from commercial banks, there arose a need for a central coordinating body to represent and support the interests of these institutions.

In response, the National Federation of Urban Cooperative Banks and Credit Societies (NAFCUB) was established in New Delhi in 1977. It functions as a non-profit, autonomous, and democratic federation, representing both Urban Cooperative Banks (UCBs) and Urban Credit Societies at the national level.

6.2.9.1 Functions and Activities

Advocacy and Representation

NAFCUB acts as a liaison between cooperative banks and policymakers, voicing the sector's concerns on issues such as regulation, taxation, and technology upgradation.

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Training and Development

It conducts training programs, workshops, and conferences for board members, managers, and employees of cooperative banks to enhance their professional skills.

Policy Support and Research

NAFCUB undertakes policy research and financial analysis to help members adopt sound financial practices.

Advisory Services

The federation provides advisory support in areas like risk management, compliance, information technology, and cooperative governance.

Promotion of Technology

It promotes digital banking, core banking solutions, and fintech integration in urban cooperatives.

Coordination with Regulators

NAFCUB collaborates with RBI, NABARD, and Ministry of Cooperation to ensure policy coherence and financial stability.

6.2.9.2 Role and Importance

NAFCUB plays an important role in strengthening the cooperative credit network in urban India. Urban cooperative banks are essential for serving middle- and low-income urban populations, especially small businesses, traders, and salaried individuals. By providing these institutions with advocacy and technological support, NAFCUB enhances their competitiveness and governance standards.

The federation acts as a bridge between government policies and cooperative implementation, ensuring that cooperative banks align with national priorities such as financial inclusion, digital payments, and small business financing. NAFCUB has been active in supporting regulatory reforms, such as the Banking Regulation (Amendment) Act, 2020, which brought UCBs under closer supervision of the RBI.

6.2.10 National Dairy Development Board (NDDB)

The National Dairy Development Board (NDDB) is an apex organization established to promote, plan, and organize dairy development programs across India on a cooperative basis. It was established in 1965, with its headquarters at Anand, Gujarat, under the leadership of Dr. Verghese Kurien, who is regarded as the Father of the White Revolution in India. The creation of NDDB marked a major turning point in India's dairy sector, transforming the country from a milk-deficient nation into the world's largest producer of milk.

The establishment of NDDB was a direct outcome of the success of the Anand Milk Union Limited (AMUL) cooperative model, that empowered rural milk producers

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through collective organization. Recognizing its potential, the Government of India established NDDB as a statutory body to replicate the AMUL model nationwide. NDDB was created by an Act of Parliament in 1987 (NDDB Act, 1987), granting it autonomy and authority to direct dairy development programs across India.

6.2.10.1 Objectives

The key objectives of NDDB are

1. To promote, finance, and support dairy cooperatives and allied industries.
2. To organize rural milk producers into cooperative societies for improving milk production and marketing.
3. To provide technical, managerial, and financial assistance for dairy and rural development projects.
4. To enhance productivity of milch animals through scientific breeding, feeding, and animal health programs.
5. To ensure fair returns to milk producers while providing quality milk and milk products to consumers.

6.2.10.2 Major Programs and Activities

NDDB's most celebrated initiative is Operation Flood (1970–1996), known as the White Revolution of India. This massive dairy development program linked rural milk producers with urban markets through a national milk grid and ensured steady income for farmers and regular supply for consumers. Operation Flood not only revolutionized milk production but also improved rural livelihoods and nutrition levels.

NDDB also supports animal husbandry, fodder development and rural energy programs. It promotes the use of Information Technology, quality testing, and infrastructure development in dairy cooperatives. NDDB has also initiated producer companies like Mother Dairy and Indian Immunological Ltd., that operate successfully in milk processing and animal healthcare sectors.

NDDB has played a transformative role in empowering rural farmers through cooperative dairy enterprises. It has contributed significantly to employment generation, poverty reduction, and nutritional security in India. By promoting sustainable dairy practices and rural entrepreneurship, NDDB continues to be a model of cooperative success and rural development.

Major Programs and Activities at a glance

The National Dairy Development Board (NDDB) undertakes several key programs and activities aimed at strengthening India's dairy sector and improving the livelihoods of milk producers. The major ones are:

1. Operation Flood (White Revolution): NDDB spearheaded Operation Flood, which transformed India into the world's largest milk producer by creating a

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nationwide milk grid and strengthening dairy cooperatives.

2. Strengthening Dairy Co-operatives: NDDB supports the formation, expansion, and professional management of dairy co-operative institutions at village, district, and state levels.

3. Milk Procurement and Marketing Systems: It develops efficient systems for milk collection, testing, processing, storage, transportation, and marketing to ensure better returns to farmers.

4. Infrastructure Development: NDDB assists in establishing and upgrading dairy infrastructure such as chilling centers, processing plants, cold chains, and logistics networks.

5. Breed Improvement Programs: The Board implements programs for genetic improvement of cattle and buffaloes through artificial insemination, semen stations, and breeding services.

6. Animal Health and Nutrition Services: NDDB promotes veterinary services, vaccination programs, disease control, and balanced cattle feed to enhance milk productivity.

7. Quality Assurance and Food Safety: It supports quality control measures, testing laboratories, and adoption of food safety standards to ensure high-quality milk and milk products.

8. Farmer Capacity Building and Training: NDDB conducts training programs for dairy farmers, cooperative leaders, and technical staff to improve productivity, management, and governance.

9. Promotion of Value-Added Dairy Products: It encourages diversification into value-added products such as cheese, butter, ghee, yogurt, and milk powders to enhance income generation.

10. Sustainable and Inclusive Dairy Development: NDDB focuses on environmentally sustainable practices, women empowerment, and inclusion of small and marginal farmers in the dairy value chain.

Overall, NDDB's programs and activities have been instrumental in building a strong, farmer-owned dairy sector, ensuring food security, rural employment, and sustainable agricultural development in India.

6.2.11 National Cooperative Development Corporation (NCDC)

The National Cooperative Development Corporation (NCDC) is a statutory organisation established by an Act of Parliament in 1963 under the National Cooperative Development Corporation Act, 1962. It functions under the Ministry of Cooperation, Government of India. NCDC was created to plan, promote, finance, and support cooperative development programs in agriculture and rural sectors. It plays a crucial

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role in strengthening India's cooperative movement by providing financial assistance, guidance, and capacity building for cooperative institutions across the country.

The cooperative movement in India has been a cornerstone of rural economic development. In the post-independence period, there was a need for an institutional mechanism to provide systematic financial and technical support to cooperative societies engaged in agriculture and related sectors. To fulfill this objective, the National Cooperative Development Corporation was established in 1963.

The NCDC was mandated to promote production, processing, marketing, export, and import of agricultural produce, foodstuffs, industrial goods, livestock, and other notified commodities through cooperatives. Over the decades, it has emerged as the leading development finance institutions dedicated exclusively to cooperatives in India.

6.2.11.1 Objectives of NCDC

The key objectives of NCDC are:

1. To plan and promote cooperative programs for agricultural and rural development.
2. To finance cooperative societies engaged in various sectors such as agriculture, marketing, processing, storage, and exports.
3. To assist state governments and cooperative federations in developing infrastructure and capacity for cooperative enterprises.
4. To encourage diversification of cooperative activities into new sectors like dairy, fisheries, handlooms, textiles, health, and services.
5. To promote professionalism, efficiency, and self-reliance in cooperative management and operations.

6.2.11.2 Functions

NCDC provides both financial and non-financial assistance to cooperatives. Its major activities include

Financial Assistance: NCDC provides loans, grants, and subsidies to state governments, state cooperative banks, and national/state-level federations for financing cooperative projects. It supports projects related to agriculture marketing, processing, storage, dairy, fisheries, handlooms, livestock, and rural industries.

Project Development: The corporation assists in project formulation, appraisal, and implementation, ensuring that cooperative projects are economically viable and socially beneficial.

Capacity Building: Through the Laxmanrao Inamdar National Academy for Cooperative Research and Development (LINAC), NCDC offers training, consultancy, and research services to improve leadership and management skills in cooperative institutions.

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Sectoral Programs: NCDC supports specialized programs like Yuva Sahakar Scheme (for young entrepreneurs in cooperatives), Sahakar-22 (for doubling farmers' income), and Sahakar Pragya (for training cooperative members).

Export Promotion: It promotes cooperative participation in export-oriented activities, enhancing the competitiveness of Indian cooperative products in global markets.

In conclusion, the National Cooperative Development Corporation (NCDC) plays a pivotal role in strengthening and modernizing the cooperative sector in India. By providing financial assistance, technical support, and capacity-building initiatives, NCDC enables cooperatives to enhance their operational efficiency, expand infrastructure, and adopt modern technologies. Its support across agriculture, allied activities, agro-processing, storage, marketing, and rural industries has significantly contributed to income generation, employment creation, and inclusive growth. Overall, NCDC acts as a key catalyst for sustainable cooperative development, empowering member-owned institutions and supporting balanced socio-economic development across rural and semi-urban areas of the country.

6.2.12 National Labour Cooperative Federation of India Ltd. (NLCF)

The National Labour Cooperative Federation of India Ltd. (NLCF) is established in 1981 under the Multi-State Cooperative Societies Act. It functions under the administrative control of the Ministry of Cooperation, Government of India, and works to organize, promote, and strengthen labour cooperatives across the country. NLCF aims to empower workers, particularly those from weaker and unorganized sections, by encouraging them to form cooperative societies for employment generation and self-reliance.

The idea behind forming NLCF was to provide a collective institutional platform for labour cooperatives, enabling them to access employment opportunities and financial support. Labour cooperatives are groups of workers who come together to undertake construction, manufacturing, service, or agricultural activities on a cooperative basis, sharing profits and responsibilities equally. Due to their limited resources and lack of coordination, many of these cooperatives struggled to sustain operations.

To overcome these challenges, the National Labour Cooperative Federation (NLCF) was created as a national-level coordinating and promotional body to represent the interests of these societies and enhance their participation in national development programs.

6.2.12.1 Objectives

The main objectives of NLCF are

1. To organize and strengthen labour cooperative societies at local, state, and national levels.

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2. To create employment opportunities for workers through cooperative enterprises.
3. To facilitate access to credit, raw materials, machinery, and contracts for member cooperatives.
4. To provide training, guidance, and technical assistance for improving productivity and management efficiency.
5. To represent and advocate the interests of labour cooperatives before the government and other institutions.
6. To promote self-help, mutual cooperation, and social justice among workers.

6.2.12.2 Functions

NLCF performs a different types functions aimed at strengthening the labour cooperative movement:

Coordination and Policy Advocacy

Acts as a link between labour cooperatives and government agencies, ensuring policy support for employment generation.

Training and Skill Development

Conducts workshops, seminars, and capacity-building programs to improve the technical and managerial skills of cooperative members.

Financial and Technical Support

Helps cooperatives in obtaining financial assistance from NCDC, NABARD, and other institutions.

Project Implementation

Assists member cooperatives in securing and executing construction, maintenance, and service contracts from government and private agencies.

Promotion of Welfare

Works for the social and economic welfare of workers, especially those from marginalized communities, by ensuring fair wages and social security.

6.2.13 National Housing Bank (NHB)

The National Housing Bank (NHB) is established on 9th July 1988 under the National Housing Bank Act, 1987. It was set up by the Reserve Bank of India (RBI) for promoting a sound, healthy, and sustainable housing finance system in the country. NHB acts as a principal agency to promote housing finance institutions, regulate their functioning, and ensure the flow of long-term credit for housing development.

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6.2.13.1 Objectives

The main objectives of NHB are

1. To promote and develop housing finance institutions both at regional and national levels.
2. To ensure the availability of credit for housing, particularly for economically weaker sections (EWS) and low-income groups (LIG).
3. To regulate and supervise housing finance companies (HFCs) for financial stability and consumer protection.
4. To encourage public and private sector investment in the housing sector.
5. To support housing infrastructure and expand affordable housing opportunities.

Functions and Activities of the National Housing Bank (NHB)

The National Housing Bank (NHB) is the apex financial institution for housing finance in India. Its major functions and activities are as follows:

1. Promotion and Development of Housing Finance Institutions: NHB promotes, supports, and strengthens housing finance companies (HFCs) and other institutions engaged in housing finance.
2. Refinance Facility: It provides refinance to banks and housing finance companies to enhance the availability of long-term funds for housing loans, especially for affordable housing.
3. Regulation and Supervision of HFCs: NHB regulates and supervises housing finance companies to ensure their financial soundness, stability, and compliance with prudential norms.
4. Financing of Housing and Infrastructure Projects: NHB provides direct and indirect financial assistance for housing projects, slum redevelopment, and urban infrastructure related to housing.
5. Promotion of Affordable Housing: It supports schemes aimed at low-income and economically weaker sections by facilitating concessional housing finance and policy-backed initiatives.
6. Implementation of Government Housing Schemes: NHB plays a key role in implementing and supporting government housing programs such as interest subsidy schemes and urban housing initiatives.
7. Capacity Building and Institutional Development: NHB conducts training programs, research, and workshops to enhance the professional capacity and governance of housing finance institutions.
8. Research and Policy Advisory Role: It undertakes research on housing finance, urban development, and real estate markets and advises the Government and

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RBI on housing-related policies.

9. Securitisation and Secondary Mortgage Market Development: NHB promotes securitisation of housing loans to improve liquidity and develop a robust secondary mortgage market.

10. Monitoring and Financial Stability: NHB monitors the housing finance sector to ensure orderly growth, risk management, and protection of borrowers' interests.

In short NHB functions as a development, regulatory, and refinancing institution, ensuring the orderly growth of the housing finance system while promoting affordable and sustainable housing development in India.

Thus the National Housing Bank (NHB) plays a vital role in the development and regulation of India's housing finance system. As the apex institution for housing finance, NHB promotes the availability of affordable and long-term housing credit by providing refinance, supervision, and policy support to housing finance companies and banks. Through its focus on financial stability, affordable housing, and inclusive growth, NHB contributes significantly to expanding home ownership, improving housing infrastructure, and supporting government housing initiatives. Overall, NHB serves as a key institution in ensuring a robust, accessible, and sustainable housing finance ecosystem in India.

Recap

- ◊ NAFED ensures fair prices and agricultural marketing.
- ◊ IFFCO produces and distributes quality fertilizers.
- ◊ KRIBHCO promotes fertilizers and sustainable farming.
- ◊ IFFDC develops farm forestry and wastelands.
- ◊ NCARDBF supports long-term cooperative credit.
- ◊ NCCF supplies essential goods at fair prices.
- ◊ FISHCOPFED uplifts fisherfolk through cooperatives.
- ◊ NAFCUB strengthens urban cooperative banks.
- ◊ NDDB drives dairy development and Operation Flood.
- ◊ NCDC finances multi-sector cooperative projects.
- ◊ NLCF supports labour cooperatives and employment.
- ◊ NHB promotes housing finance and infrastructure.

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Objective Questions

1. NAFED was established in: (write direct questions)
2. NAFED works primarily under the administrative control of the
3. NAFED is a major agency for implementing which schemes?
4. IFFCO was established in:
5. The head office of IFFCO is located in:
6. IFFDC is mainly associated with:
7. NABARD was established in the year
8. NABARD was created on the recommendation of:
9. The head office of NABARD is located in:

Answers

1. 1958
2. Ministry of Agriculture and Farmers Welfare
3. PSS and MIS
4. 1967
5. New Delhi
6. Farm forestry and wasteland development
7. 1982
8. CRAFICARD
9. Mumbai

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Assignments

1. Explain how IFFCO and KRIBHCO make fertilizers available to farmers and promote healthy farming practices.
2. Explain how IFFDC helps villagers grow trees, improve wasteland, and earn a better income.
3. Write about how NDDB improved the dairy sector and how Operation Flood changed the lives of milk producers.
4. Discuss how NCARDBF supports long-term loans for rural development and what challenges it faces.
5. Describe the ways FISHCOPFED supports fishermen and improves their income and living conditions.

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MODEL QUESTION PAPER SETS

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QP CODE: …… Reg. No : .....

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Model Question Paper- Set-I

FIFTH SEMESTER B. COM (Hon.) EXAMINATION

MAJOR DISCIPLINE SPECIFIC ELECTIVE COURSE – SGB24CM505ME - CO-OPERATIVE MANAGEMENT AND ADMINISTRATION

2024 -25 - Admission Onwards

Time: 3 Hours Max Marks: 70

SECTION A

Answer any ***eight*** questions in a word or sentence each. Each question carries 1 mark.

(8×1=8 marks)

1. What do you understand by a co-operative organization?
2. Explain the meaning of co-operation.
3. Mention any one characteristic of a co-operative organization.
4. What is the primary purpose of a co-operative organization?
5. By whom is a co-operative society administered?
6. How would you explain the concept of democratic management?
7. What do you mean by direct democracy?
8. How is indirect democracy understood?
9. How can conflict in co-operative organizations be defined?
10. What does co-operation in management mean?.

SECTION B

Answer any ***six*** questions in one or two sentences each. Each question carries 2 marks. **(6×2=12 marks)**

11. How would you describe a co-operative organization?
12. Identify any two characteristics of co-operatives.

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13. How does direct democracy differ from indirect democracy?
14. What are two common internal problems faced by co-operatives?
15. What is meant by the associative nature of co-operatives?
16. What are the two major types of decisions?
17. Mention any two stages involved in the decision-making process.
18. What are the main responsibilities of the General Body?

SECTION C

Answer any ***six*** questions in one page each. Each question carries 5 marks.

(6×5=30 marks)

19. What are the main characteristics of co-operative organizations?
20. How is the management structure of a co-operative organized?
21. What is the significance of management in co-operative organizations?
22. How does democratic management operate in co-operative organizations?
23. How are conflict and co-operation related within co-operative organizations?
24. What are the various stages involved in the decision-making process?
25. What are the roles and duties of the General Body?
26. What are the major powers and functions of the Board of Directors?

SECTION D

Answer any ***two*** questions in three pages each. Each question carries 10 marks.

(2x10 =20 Marks)

27. Describe the concept, characteristics, and organizational structure of co-operatives, and examine the role of management in co-operative organizations.
28. Explain the principles of democratic management in co-operatives and discuss the internal and external problems faced by co-operatives and the role of democracy in addressing them.
29. Describe the decision-making process in co-operatives, including its different types and major stages.

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Model Question Paper- Set-II

FIFTH SEMESTER B. COM (Hon.) EXAMINATION
MAJOR DISCIPLINE SPECIFIC ELECTIVE COURSE – SGB24CM505ME
-CO-OPERATIVE MANAGEMENT AND ADMINISTRATION

2024 -25 - Admission Onwards

Time: 3 Hours Max Marks: 70

SECTION A

Answer any ***eight*** questions in a word or sentence each. Each question carries 1 mark. **(8×1=8 marks)**

1. How would you define the General Body?
2. Who constitutes the General Body of a co-operative society?
3. What is meant by a multipurpose co-operative society?
4. How is a federal co-operative defined?
5. What does financing in co-operative organizations mean?
6. What is meant by the enterprise dimension of co-operatives?
7. What is understood by the ethical dimension of co-operatives?
8. What is meant by a Five-Year Plan?
9. What does NAFED stand for?
10. What is the full form of IFFCO?

SECTION B

Answer any ***six*** questions in one or two sentences each. Each question carries 2 marks. **(6×2=12 marks)**

11. What are the main duties of the Secretary?
12. Why is leadership important in co-operative organizations?
13. What are the different levels of the administrative system in Kerala?

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14. What powers are vested in the Registrar of Co-operative Societies?
15. Why is co-operative education important?
16. Name any two institutions that provide co-operative training.
17. How do single-purpose and multipurpose co-operatives differ?
18. Name any two national-level co-operative organizations.

SECTION C

Answer any ***six*** questions in one page each. Each question carries 5 marks.

(6×5=30 marks)

19. Describe the composition, role, and responsibilities of the General Body.
20. What are the major powers and functions of the Board of Directors?
21. Explain the duties and responsibilities of the Secretary in a co-operative organization.
22. Describe the administrative structure of co-operative societies in Kerala.
23. Discuss the significance of co-operative education and training.
24. Explain the functions and contributions of NCCT and NCUI.
25. What are the differences between unitary and federal co-operative organizations?
26. Discuss the importance of Five-Year Plans in the development of co-operatives

SECTION D

Answer any ***two*** questions in three pages each. Each question carries 10 marks.

(10x2 =20 Marks)

27. Discuss the powers, functions, and responsibilities of the Chairman and Secretary, and examine the importance of leadership in co-operative management.
28. Explain the administrative structure of the Co-operative Department in Kerala, including the powers and responsibilities of the Registrar and the need for separating audit from administration.
29. Examine the significance of co-operative education and training, and describe the institutional arrangements for co-operative training in India and Kerala.

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വിദ്യയാൽ സ്വതന്ത്രരാകണം
വിശ്വപൗരരായി മാറണം
ഗ്രഹപ്രസാദമായ് വിളങ്ങണം
ഗുരുപ്രകാശമേ നയിക്കണേ

കൂരിരുട്ടിൽ നിന്നു ഞങ്ങളെ
സൂര്യവീഥിയിൽ തെളിക്കണം
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ബോധരശ്മിയിൽ തിളങ്ങുവാൻ
ജ്ഞാനകേന്ദ്രമേ ജ്വലിക്കണേ

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Co-operative Management and Administration

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