



COOPERATIVE DEMOCRACY

Vis-a-Vis
**MEMBERS'
EDUCATION**

Daman Prakash

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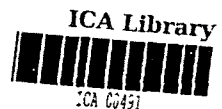
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International Cooperative Alliance
Regional office for Asia, New Delhi

FOREWORD

The Indian Cooperative Movement, in the family of the International Cooperative Alliance, is one of the largest Movements and it has shown potentials for growth in all possible segments. Started at the initiative of the then Government of India in the year 1904, as a Credit Movement, it now has covered all aspects of human endeavours. There are at present 315,000 cooperative institutions with a membership of nearly 150 million. The Indian Cooperative Movement has shown trends of diversification and development particularly in the last three decades. There are a number of national federations which cover major aspects of business activities of the Movement. The Indian Cooperative Movement has developed more than often under the wings of the Government and at present there are as many cooperative laws as there are states in the country. There is a complexity and multiplicity of cooperative laws, regulations and other instruments of control. The Government, through its national economic development plans, have provided avenues of progress and development to the Movement. In this process there have been instances of an excessive government hold on the activities of the Movement on the plea of very high financial inputs made by Government in the Cooperative Sector.

Besides the numerous achievements made by the Movement in India, there are various constraints e.g. illiteracy, low partici-

pation, excessive regulation by Government, inadequate management capabilities, low level of awareness among members of their own participation, ignorance about the benefits they could derive from being members, inadequate training and education facilities and lack of initiative among the cooperatives themselves to organize the membership and give them developmental inputs.

In the context of the Indian Cooperative Movement, Mr. Daman Prakash has, in this book **Cooperative Democracy vis-a-vis Members' Education**, has made an able and systematic analysis of its historical development, problems faced in achieving the high democratic values and the constraints evident in achieving these values. Following the line of discussion of the day, Mr. Prakash has come to the conclusion that members are the ones who matter, not the one who supplies the capital and personnel to the Movement. His contention is that the members awareness contribute to the strength of the democratic texture of the Movement. He has tried to explain that the cooperatives themselves have to take over the education, upgrading and development of their members, employees and leaders. This task is solely of the Movement and not of any other e.g. the unions or the Government. It is the individual cooperative which should nourish the qualitative aspects of the membership by making provisions for education and development; developing educational plans; identifying education secretaries; involving women and youth; making use of key leaders and creating simple and relevant educational materials.

In the context of the state of the Indian Cooperative Movement in the year 2000 A.D. Mr. Prakash has touched on various aspects e.g. technological changes, growth in membership, relevance of cooperatives and contribution of the government and other cooperative organisations.

Mr. Prakash had worked for the ICA for over 22 years. He has a rich experience of working with grass roots cooperatives in India and several other developing Movements. He was the Chief Technical Advisor of the ILO-Swiss Cooperative Management Training and Development Project in Indonesia. He had also worked in Sri Lanka on the ICA/NCC/SCC Cooperative Training Project. I am sure his long involvement of nearly 30 years with the development process of the Cooperative Movement has immensely contributed to the development and presentation of this valuable material.

It is an excellent material for the use and information of cooperative leaders and students of the Indian Cooperative Movement. A strong democratic Indian Cooperative Movement will surely contribute to the strength and quality of the Indian democracy. An active participation of members in the affairs of their cooperative is the key issue and the same is true for the success and strength of any democratic structure.

G.K. Sharma
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Bonow House,
New Delhi.

August 15, 1988

PREFACE

The present publication "Cooperative Democracy vis-a-vis Members' Education" is a slightly modified and expanded version of the original paper entitled "Education and Training of Members of Cooperative Societies Help Develop and Consolidate Democratic Traditions with Special reference to India" written in 1984.

In the context of developing countries instances have been noticed where erosion in democratic traditions in peoples' organisations, especially the cooperative institutions has taken place. Several reasons have been attributed to such a negative phenomenon i.e., very low level of participation of members in the social and economic functions of their own cooperatives; lack of initiative on the part of cooperative institutions themselves for not involving their own members and providing them adequate information and education; because of various managerial and other deficiencies attracting the growth of State control on cooperative institutions; low-key promotional role of cooperative unions; absence of member awareness programmes by the business federations; low level of literacy among the general membership; lack of communication between the members and the society management etc. etc.

The Indian Cooperative Movement which today enjoys the status of world's largest single Cooperative Movement can easily claim of having very successful cooperative business ventures serving the needs of the members as well as of the State. The Movement today covers nearly 150 million individual members representing-nearly 315,000 cooperative institutions of all descriptions. In India today we have as many Cooperative Laws as there are the States in the country. The hold of officials and lending institutions on cooperative institutions is so strong that individual members have gone out of focus, and people have begun to believe that cooperative institutions are government agencies distributing agricultural credit, consumer goods and other supplies. The Government of India assuming the role of a promoter of the Cooperative Movement created and helped

create a strong infrastructure in the field of cooperative education and training, agricultural marketing, processing, consumer distribution. A very large amount of money has been pumped into the cooperative sector by the State. The Movement, on the other hand, has gradually shrunk into an implementative organisation serving the interests of the State. In accordance with the established Principles of Cooperation such a situation is slightly away from the code of ethics of a cooperative institution. The total concentration has been on strengthening the management capabilities of cooperative institutions and on creating large-size cooperative institutions thus ignoring the aspirations of the core element—the members.

This publication not only takes note of the current situation in the country, but also discusses in a general manner the shape of things to come for the Indian Cooperative Movement where the role of members is bound to be stronger and more meaningful. Keeping in view the discussions taking place throughout the world, including in India, the cooperative institutions in India should gear to face the realities of the 2000 AD and take a closer look at the future character of the Indian Cooperative Movement. The concept of 'one village one cooperative', emphasised by Prime Minister Jawaharlal Nehru has of course undergone a change, but at the same time the core element of Gandhian philosophy of making the village as an economic unit still remains valid where a good fusion of social and economic activity should continue to exist and flourish. Experience has shown rather clearly that large cooperative societies tend to ignore the interests of the small members. The size of a cooperative institution should recognise the need, worth, value and participation of individual members, and all its socio-economic activities should endeavour to satisfy all their needs.

The present material stresses on the significance and importance of establishing and further strengthening the process of members' education and communication and highlighting the role of cooperatives in taking the members *into confidence* so that a process of *democratic participation* is further strengthened and consolidated.

In the preparation of this material my special and grateful thanks are due to Dr R.C. Dwivedi, Editor of the COOP TIMES and former Chief Executive of the National Cooperative Union of India; my various friends and colleagues at the ICA-SCC-sponsored Cooperative Teachers' Training Project in Sri Lanka; my

various colleagues, friends, extension and education workers at the ICA-NCUI Cooperative Education Field Project in Indore, Madhya Pradesh, India, Mr B D Pandey, Consultant (Library and Documentation) of the International Cooperative Alliance Regional Office for Asia, New Delhi, Mr Matti Teravainen, former Chief Technical Advisor of the ILO-UNDP Cooperative Training Project, Indonesia and now CTA of ILO-MATCOM Project; Mr Pradit Machima, ILO Advisor (Cooperative Member Education and Member Participation) of the ILO/SWISS Cooperative Project in Indonesia, Drs Sularso, Director-General in the Department of Cooperatives, Government of the Republic of Indonesia, Ir Asnawi Hassan M Sc, Director of the National Centre for Cooperative Training and Development (PUSLATPENKOP), the Principal and Lecturers of the National Centre for Cooperative Education (of the National Cooperative Union of India), New Delhi, numerous members and leaders of small cooperative societies in various States of India, especially in Gujarat, Maharashtra, Tamil Nadu and Delhi, as well as in various provinces of Indonesia, to the CEMAS of the International Cooperative Alliance for its very valuable material on cooperative member education, particularly the Field Education Development training package, and to the very dedicated and experienced education managers of State Cooperative Unions in India, like, Mr J M Mulani, Chief Executive of the Gujarat State Cooperative Union at Ahmedabad, India, and to my various colleagues in India and elsewhere with whom I had the pleasure of working in the field of cooperative member education at the grassroots level

I am extremely grateful to Mr G K Sharma, Regional Director for Asia of the International Cooperative Alliance for giving a valuable foreword to the book

My grateful thanks to Mr K Sethumadhavan, my friend and colleague at the ICA Regional Office for Asia in New Delhi, and to Mrs Duni Niode, my Secretary at the ILO-SWISS Cooperative Project in Indonesia, for helping me in the preparation of the manuscript

Daman Prakash

New Delhi,
August 15 1988

I MEANING AND SIGNIFICANCE OF COOPERATION

The Concept of Working Together

Cooperation is working together. Cooperation means living, thinking and working together. It is a special method of doing business. It is working together to learn to live in our human society harmoniously. Cooperation existed even before the man came to this earth of ours. It is much older than the man himself. Cooperation existed even in the animal world. Examples are not wanting to illustrate this behaviour. The corner-stone of Cooperation is mutual help. It is to survive with dignity and purpose.

The practice of the Principles of Cooperation contributed to the development of human race more than any other biological and social factor. According to Montague "the principle of cooperation, all sociability and mutual aid, the progress of organic life, the importance of the organism, and the strengthening of the species becomes utterly incomprehensible".¹ Right from the hunting age upto the present day the progress and development of human beings, in all spheres, social, economic, religious and political, is marked by sense of thinking, working and living together. It has been a progressive phenomenon.

The term "Cooperation" has several meanings. It is difficult to arrive at a common understanding or to a standard meaning. It can be discussed differently under our existing social and economic contexts. However, it means "socio-economic movement", "a social order in which man is free from class struggle", "a form of business organisation in which there is no exploitation", "an organisation in whose membership one enjoys the special privileges and concessions conferred by law". What cooperation really means is still being discussed all over the world by different people and in different contexts. The Movement is, however, spreading and we find it operating in various places and with

varying degrees of success. The Cooperative Movement has existed because of its ideals and it is from the pursuits of these ideals that its principles are derived and characteristic features determined.

Why Cooperation?

Many economists, however, assert that “cooperation is only a means to an end”. The definition of Cooperation can perhaps be classified into three different groups:

- (1) The cooperative institution is voluntary association of independent economic units, organised, capitalised, and run by and for its members, providing and/or marketing goods and services on cost-to-cost basis to their members;
- (2) It also aims at eliminating the competitive, capitalistic system and replacing it by one which is based on mutual cooperation; and
- (3) The Cooperative Movement can be an important instrument in furthering the socialistic progress. The cooperative has, thus, an economic and social organisation of working people serving not only the interest of members but also social progress which promotes, safeguards and realises the interests and aspirations of the working people.

Some of the relevant definitions in this context are: Calvert: “Cooperation is a form of organisation wherein persons voluntarily associate together as human beings on a basis of equality for the promotion of economic interests of this”.²

Professor Paul Lambert has put forward a more widely accepted definition. He says that “a cooperative society is an enterprise formed and directed by an association of user, applying within itself, the rules of democracy and directly intended to serve both its own members and the community as a whole”.³

Another equally interesting definition given by W.P. Watkins asserts cooperation as “a system of social organisation based on the principles of unity, economy, democracy, equality and liberty”.

The ILO has defined a cooperative society as “an association of persons varying in principle, who are grappling with some economic difficulties and who voluntarily associate on a basis of equal rights and obligations, endeavours to solve those difficulties, mainly by conducting at their own risks and undertaking to which

they have transferred one or more of such of their economic functions as correspondent to their common needs by utilising this undertaking in joint cooperation for their common material and mutual benefits".⁴

We note from the above discussion that the essence of operating a cooperative is "working together", "working for each other", "working voluntarily" and "working on democratic lines" Cooperatives do not subscribe to any political thought or system or caste or creed or sex. They do not conform also to any special type of economic system. Cooperatives by nature are neutral and their main objective is to further the economic interests of their members democratically. The cooperative society, thus, can serve various aims and economic systems and can cater to the needs of politically, socially and religiously divergent people at one same time. The essence of cooperative thus lies in practice and not in theory. It tries to ensure liberty and freedom of thought and action.

Cooperation is the only social process which is included in the definition of society. The Dictionary of Sociology defines society as: "a group of human beings cooperating in the pursuit of several of their major interests, invariably including self-maintenance and self-perpetuation"

Principles of Cooperation

Whatever were the definitions and variations of cooperatives they nevertheless adhered to certain principles which form the very foundation of any cooperative activity. These are, according to the International Cooperative Alliance Commission on Cooperative Principles, "absolute, indispensable to the achievement of the Cooperative Movement's purpose". It is on their obligation and observance that the Movement has been able to march onwards throughout the world. These are not the very rigid and strict principles which must be followed in their letter and spirit. These are just a code of conduct or guidelines for a cooperative organisation, the practice of which may change according to the prevalent local conditions. These have aligned themselves to the ever-changing needs of 'man' and society.

The cooperative system can be broadly classified into three groups, generally relating to their modes of operation.⁵ These are:

- (1) Rochdale system (concerned with consumers)

- (2) Raiffeisen system (concerned with farmers)
- (3) Schulze-Deitlich system (concerned with traders)

However, the principles which were laid down by Rochdale Pioneers have generally been accepted all over the world. These are:

- (1) Democratic control,
- (2) Open membership,
- (3) Limited interest on capital,
- (4) Patronage dividend,
- (5) Cash trading,
- (6) Political and religious neutrality, and
- (7) Promotion of education.

With the eventual growth in science and technology and diversification in cooperative business, it was felt that these principles needed some modifications, clarifications and adjustments. Consequently, the ICA appointed a Sub-Committee in 1934 for this purpose. The Committee in its 1937 report classified these principles into two broad groups:

(1) Essential Principles

- (a) Open membership,
- (b) Democratic management,
- (c) Limited interest on capital,
- (d) Payment of dividend in proportion to transactions.

(2) Non-essential Principles

- (a) Religious and political neutrality,
- (b) Cash trading,
- (c) Education of members.

It was felt that the 1937 report could not provide satisfactory explanations and did not conform to the changing situations. The report was not acceptable to many Cooperators and hence various countries kept on making amendments to these principles to suit their local needs. The needs and pressures were great. The Movement was moving forward and a lot of diversification was taking place. Since the principles were not rigid, individual countries adapted these principles to carry on their activities. The period 1930-40 proved that the classifications given by the ICA were not realistic. The principles did not leave enough scope for interpretation and understanding. Accordingly, the ICA again appointed a Commission in 1964 "to ascertain how far the

principles of Rochdale, as defined by the ICA Congress in 1937, are observed today and the reasons for any non-observance". The ICA Commission on Cooperative Principles headed by the late Professor D.G. Karve, a renowned Indian Cooperator of distinction, submitted its report in 1966. It has two characteristic features, firstly, it did not classify the principles as essential and non-essential, and secondly, the principles were explained as accurately as possible. The reformulated Principles were accepted as under:

- (1) **Voluntary Association and Open Membership:** Membership of a cooperative society shall be voluntary and available without artificial restriction or any social, political, racial or religious discrimination to all persons who can make use of its services and are willing to accept the responsibilities of membership.
- (2) **Democratic Control:** Cooperative societies are democratic organisations. Their affairs shall be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members of primary societies should enjoy equal rights of voting (one member, one vote) and participation in decisions affecting their societies. In other than primary societies the administration should be conducted on a democratic basis in a suitable form.
- (3) **Limited Interest on Capital:** Share capital shall only receive a strictly limited rate of interest, if any.
- (4) **Equitable Division of surplus:** The economic results arising out of the operations of the society belong to the members of that society and shall be distributed in such a manner as would avoid one member gaining at the expense of other. This may be done by decision of the members as follows:
 - (a) By provision for development of the business of the cooperative;
 - (b) By provision of common services; and
 - (c) By distribution among the members in proportion to their transactions with the society.
- (5) **Cooperative Education:** All cooperative societies shall make provision for the education of their members, officers, and employees and of the general public, in the principles and techniques of Cooperation, both economic and democratic.

- (6) **Cooperation Among Cooperatives:** All cooperative organisations, in order to best serve the interests of their members and communities shall actively cooperate in every practical way with other cooperatives at local, national and international levels.

A cooperative institution in the context of our present times represents a middle way. In the Indian economic structure, the cooperative sector has been accepted on par with the other two sectors of economy e.g. the private sector and the public sector. Cooperative sector acts as balancing factor because it combines the maximum of both. It fulfils the needs of individuals without harming or exploiting others. It assures higher standards of living for its members without deteriorating the standards of others. It honours ethical values as well as stands for an efficient business. In the distribution of profits it treats all the members equal. This harmonious blending of interests does not only provide economic and social benefits to individuals but to the society as a whole. The cooperative business does not undermine human welfare. It believes in character building and in inculcating moral values among its members. It safeguards the interests of the weaker sections.

It aims at “a cooperative republic”, “A cooperative commonwealth” and, according to the ICA, “it should replace the present day system of providing enterprises based on competitions with a cooperative system supporting the interests of the whole community and based on the principles of mutual help”.

Cooperatives are socio-economic institutions operating at the primary level to meet and satisfy the needs of a common man. It not only endeavours to provide these services and facilities but also provides training in the skills of operating a democratic economic institution. The essence of a cooperative institution is the democratic control and the participation of members in the government of their own cooperative. Without participating in a democratic institution the essence of democratic management tends to diminish. Cooperative institutions are thus the “little democracies operating at the doorstep of a common man”. Since there is no bar on any individual to become a member and to participate in the affairs of the society, there is greater respect and appreciation of the system and liberty that a member can enjoy by getting into the fold of a cooperative institution.

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II ELEMENTS OF DEMOCRACY IN COOPERATIVES

Man wishes to be free. He does not like any bindings on him and his activities. He likes liberty in his thoughts and actions. He does his best when he is free and independent. That is his culture and tradition. Man has been, from time immemorial, struggling to be free and enjoy the fruits of his independence. Great wars were fought to ensure and secure freedom. Man has always been trying to break the chains of slavery and dependence, be it social, economic or political.

Modern history has been found singing in praise of liberty and independence. Democracy is one way in which man finds a solution to his social and economic problems. Democracy, a government of the people, by the people and for the people, is the maxim of today. Humanity today has been striving hard to be democratic in approach, thought and action.

What is Democracy?

Let us now try to understand what democracy really is! In this form of government, man, as an individual, is supreme. He rules upon himself. He frames his own code of conduct. Man abides by his own rules and regulations. He punishes himself, if need be, according to the rules and laws framed by himself.

“The term democracy is used in several different senses:

(1) In its original meaning, it is a form of government where the right to make political decisions is exercised directly by the whole body of citizens, acting under procedures of majority rule. This is usually known as direct democracy. (2) It is a form of government where the citizens exercise the same right, not in person, but through representatives chosen by and responsible to them. This is known as representative democracy. (3) It is a form of government, usually a representative democracy, where

the powers of the majority are exercised within a framework of constitutional restraints designed to guarantee the majority in the enjoyment of certain individual or collective rights, such as freedom of speech and religion. This is known as liberal or constitutional democracy. (4) Finally, the word democratic is often used to characterize any political or social system which regardless of whether or not the form of government is democratic in any of the first three senses, tends to minimize social and economic differences, especially differences arising out of the unequal distribution of private property. This is known as social or economic democracy".¹

A close study of the history and Principles of Cooperation reveals that the very foundation of this institution is democracy. Right from the birth of the concept of cooperation, members have been trying to manage their own affairs independently for the benefit of themselves and the community. In a human society, social efforts are made jointly and in collaboration and cooperation with each other. Wherever and whenever there were efforts to centralise the source of power in a social institution, resistance has been noticed. No human being likes himself to be dictated. All human beings like to be respected and all of them like to share the power and its results. In a cooperative institution, which has now been established as a socio-economic organisation, members are the key factors. Members operate their institution together and without any pressure from outside. A look at the present day methodology of operating a cooperative institution also reveals that in the bye-laws the principle of democratic management has been given an important position. Whenever this principle has been overlooked, ignored or misused, the very objectives of the cooperative loose their ethical values and serious operational problems came on the surface.

The Western world, which has been championing the cause of freedom and liberty, has been trying very hard to maintain the principles of liberty and democracy at all costs in most of their socio-economic institutions. This concept has successfully and gradually spilled over to the other newly-emerging democracies in other parts of the world.

Cooperation has been compared to a State. It is a state within a state. A state is a political organisation which has four ingredients e.g. territory, population, government and sovereignty. A look at the fabric of a cooperative institution will reveal that

a cooperative also has a territory i.e., a particular area of its operation. The members are its population, the executive committee its government and the general body, just like the people in a state, is supreme. A cooperative society is thus a state in miniature. However, it is not sovereign. It has to abide by the laws of the land. The bye-laws of a cooperative cannot override the acts and rules of the state. In this sense it is a registered body which acts within the framework of the constitution of a state. Let us conclude that a cooperative society with certain apparent exceptions, is like a "state within a state".

It has been argued that while the guiding force behind the Cooperative Movement is its voluntary character, the guiding principle for the state is the use of force. Even in a state, force cannot be used indiscriminately. It is only a self-imposed discipline. The people in the state, for enjoying their rights, impose voluntarily, upon themselves certain duties. They frame certain acts and laws to bind themselves to a life of restraint which is necessary for the peaceful and smooth working of the state. They also propose punishment for themselves in the event of their breaking the laws of the country. This, obviously cannot be treated as force or compulsion. All the laws of the land are based on a popular agreement.

Planning for Cooperation:

The state has taken upon itself various responsibilities to provide services to the people. Special efforts are made to look after the interests of the economically weaker groups in a society. While discussing about cooperatives in the third world a majority of members are economically weak. They need more opportunities and a greater encouragement to improve their economic and social standards. "Today the most developed welfare states are concerned with providing social security for all the citizens from the cradle to the grave. At the same time the aim of the state policy is also to increase productivity in order to raise the national income of the country and to influence the pattern of distribution in a way that would be favourable to the lower income groups. To this end the state undertakes measures of economic planning."²

Planning is doing things in a systematic order. A state resorts to planning to ensure reasonable and equal opportunities for development to all aspects and for all people. The planned strategy is carried out with the help of various organs and agencies of state, including, of course, the voluntary organisations

such as the cooperatives. The implementation of the planned strategy has to be with a consensus and with a broad agreement of all i.e., a democratic approach. "This means, in practice, that general planning through the democratic state is supplemented by different forms of voluntary cooperation among the citizens. This system has made it possible to achieve a healthy decentralisation of economic power". "Within the framework of democratic planning, the Cooperative Movement has been looked upon in the developing countries as the most important means for achieving decentralisation of economic power and of structuring democracy at the grass-root level".³ This results in a greater diffusion of power in a society and thus becomes a safeguard for ensuring a stable democracy, not in the political but also in economic affairs throughout the spread of the entire socio-economic fabric.

Prof. Lambert considered "economic democracy as the cardinal principle of cooperation. It is his view that distinguishes cooperative business most sharply from capitalist business and it can be applied uniformly to any type of cooperative. The term democracy in the cooperative context has deeper connotations than in the ordinary political sense of the term, as it transcends to economic sphere. Cooperation is the oldest and purest form of democracy. It was cooperation that invented economic democracy: it gave to the world that unheard of economic and social innovation, and undertaking operated by democracy".⁴

It has been identified and understood well that Cooperation means working together for the benefit of the community. The community consists of people and the people constitute the membership of a cooperative institution. It is members who operate the cooperative institution to satisfy their social and economic needs. It is from among these members that the leaders emerge. These leaders are the key elements in operating cooperative institutions. It may be stated that in countries where the Movement is weak and ineffective, the absence of a dynamic leadership is one of the major causes. It is these leaders who put the practices of cooperative democracy in action. They have, therefore, to be educated and exposed to the principles and practices of co-operation by providing them with training and education at various levels. This aspect assumes greater importance when the Movement is passing through a phase of rapid expansion and diversification. Touching on this aspect India's first Prime Minister, Jawahar Lal Nehru emphasised "But my outlook at present is not the outlook of spreading this Cooperative Movement

gradually, progressively, as it had done. My outlook is to convulse India with the Cooperative Movement, or rather with Cooperation: to make it, broadly speaking, the basic activity of India, in every village as well as elsewhere; and finally, indeed, to make the Cooperative approach the common thinking of India... Therefore the whole future of India really depends on the success of this approach of ours to these vast numbers, hundreds of millions of people. With that naturally come processes of training, etc. We cannot just ask them to cooperate. Therefore, we have to train them in a very big way - educate them and give them some special training".⁵ It was Nehru who has been persistently emphasising on the role of education in the development of cooperative leaders thereby laying the foundations of the great Indian democracy and its traditions.

Democratic Aspects of Cooperation

The democratic aspects in Cooperative Movement can be grouped as under:

1. Social Democracy

By social democracy we mean the freedom and liberty of the individual members to deal with their counterparts as equals. They should be able to satisfy their social needs collectively. For instance, house building, working in the fields, marriages, funerals, providing community services to themselves, looking after the children, women and the aged. These are the social aspects which the members carry out themselves on their own. They satisfy their social needs through their cooperatives in various ways. Cooperatives can own community houses or community halls. Cooperatives can establish and/or provide educational facilities by establishing schools, nurseries, creches, etc. Cooperatives can contribute to community health measures by providing simple services in family welfare, hygiene and clean drinking water. Cooperatives can also create facilities to support infrastructure, such as, roads, tanks, minor irrigation programmes and rural electrification activities. Cooperatives can also contribute to other supporting facilities and services such as animal husbandry, fodder, etc.

2. Economic Democracy

By economic democracy we mean undertaking simple economic functions in the rural areas which could cater to the

needs of our vast rural populace. This involves measures like credit, agricultural inputs, crop protection, storage, fertiliser distribution including insecticides and pesticides. Consumer activities, through small consumer outlets selling essential commodities, etc. Cooperative institutions are different from other forms of business. The Principles of Cooperation do not subscribe to profit-making. Cooperative institutions are, therefore, more democratic in their business operations. The general body meeting of a cooperative lays down specific policies and guidelines on the services and economic functions which they expect their managing committee to undertake, operate and provide. They give a clear mandate and authority to the society management to conduct these economic functions without bringing any extra burden on their already meagre financial resources. The society, thus, provides timely credit, farm inputs, marketing of produce, irrigation facilities, transportation, crop protection and farm services, fertiliser and farm chemicals, seeds processing and storage facilities, consumer farm chemicals, seeds processing and storage facilities, consumer goods, education, guidance and extension services.

The profits arising from the business of the society are distributed, according to the bye-laws, among the members and a part of it is retained as reserves to ensure security and continuation of the cooperative institution.

Cooperatives can also contribute to other economic aspects such as creating employment by providing work force for farming operations, house building, road construction and also for creating infrastructure facilities, e.g. tank digging, street paving, tree plantation, well digging, etc.

3. Political Democracy

By political democracy we mean operating a cooperative institution on democratic lines. This is possible only when the members participate in the affairs of their cooperatives - socially, economically and democratically. The cooperative principles, however, forbid any political association with cooperatives. The Western world has stood by this norm. A close study of the growth of cooperatives in the Western world indicates a gradual weakening of political influence on cooperative institutions whereas in socialistic societies the gap between politics and cooperatives is gradually diminishing leading ultimately to a strong association of politics with the operation of a cooperative. The colour of the political power of the state is clearly visible on the government

of cooperatives in these countries. A debate, however, is on whether there should be a complete insulation of cooperatives from the state politics or should there be some sort of connection between the state politics and the cooperative government. /

However, the management of the affairs of a cooperative institution has to be democratic. The participation of members in the organisational structure and business operations is of great importance. The institution should have an active dialogue and communication with its members and the employees.

Distinguishing Features of a Cooperative

Keeping in view the role that a cooperative institution plays in strengthening the democratic fabric, it would be good to have another look at the distinguishing features of a cooperative institution. Some of these features are:

1. Voluntary Association

Entry and exit of members is completely free. The will of the member is supreme. He cannot be pressurised or forced to become a member of a cooperative institution. It is completely voluntary. Of course, one has to qualify to be a member and these qualifications, again, are laid down by the members themselves as to who could become a member of a cooperative institution. Again, as to the question of exit from the membership nobody can force a member to leave the membership of a cooperative institution. The situation of leaving the society arises only when a member does not qualify to remain in the membership of the society. This eventuality normally comes when he retires or resigns the membership of his own free will. Of course, there are regulations which could influence the decision of the member to leave the membership.

Another aspect is the formation of the association itself. The main factor which influences the formation of a cooperative institution is the "felt-need" of the membership itself. If a group of members - individuals - feel that their social and economic needs would be best served by forming themselves into a cooperative, only then a cooperative institution can be organised. Nobody can force a group of individuals to form a cooperative or nobody could compel a cooperative to disband itself unless there are serious evidences which call for the termination of a cooperative association.

2. Democratic Administration

In a cooperative institution the general body of members is supreme. It is this body which has the last word in its own affairs. The general body frames policies, activities and raises funds for the continuation of its services and activities. The general body frames bye-laws, amends these and repeals these. The general body elects the management of the society. They form a managing committee or a board of directors. The elected body then becomes responsible to the general body and to nobody else. The general body frames rules and regulations to conduct elections, and approves the audit report and the budgets.

The elected organs of the cooperative are all answerable to the general body. Every year whenever the annual general body meetings are held, the elected organs have to report on their activities and seek fresh mandate to carry on the activities for the next year. The Managing Committee appoints the employees including the manager under a delegated authority from the general body.

3. Self-help Through Mutual Help

The guiding principle of a cooperative institution is the "self-help through mutual help". In other words, one works for all others while all others work for themselves individually. Helping oneself with the help of others. This generates the feeling of oneness, togetherness and unity. Collaboration and cooperation among the members is essential for a cooperative institution to satisfy the social and economic needs of the members.

4. Common Welfare Through Common Action

Each associating member is individually weak and hence incapable of making independent efforts for the satisfaction of his economic needs. Also he must render similar help to those who help him. Common welfare through common action. This leads us to believe that one is not enough in a cooperative, the total membership is one unit.

5. Spirit of Service

Cooperatives are not purely economic or business ventures. They are more than that. They are social-economic units. They are democratic. They tend to be away from economic exploitation. The business of the society is conducted not with a view to

making profits but to render the best services. Services that are offered by the society have to be used, because the use of services generates more services thus providing better services to a greater number of individual members. Greater the demand for services from the members, stronger are the activities of the cooperative itself. In case the services are not used, the potentials of a cooperative institution also consequently diminish.

6. Participation on the Basis of Equality

In a cooperative institution nobody is superior to the other. All members are equal irrespective of their economic and social status. They come together to cooperate and collaborate. Dignity of the member is upheld. One member cannot make profits at the cost of the other members. "One member one vote" is the guiding principle in the dealings of the members with their society as well as among themselves. Then again the distribution of profits is not done according to the corporate ventures but on the principle of equal distribution of wealth and services.

7. Dignity of Members and the Well-being of the Community

Social change of a fundamental nature, ushering in a new order which is not exploitative but egalitarian and tolerant, that harmonises the dignity of the individual with the well-being of the community. If the members assume respect and self-confidence, that reflects on the status and style of the community itself to which the members belong.

Cooperative institutions, whether big or small, serve their members and try to satisfy their social and economic needs by providing appropriate and adequate services. A vibrant democracy shall be built up based on enlightened participation of broad-based membership, free from the domination of vested interests. The elements of exploitation - social, economic or political - do not figure in the concept of cooperative business. Members must learn to participate in the affairs of their cooperative institution in order to further consolidate their cooperative venture and efforts.

Factors of Cooperative Democratic Structure

A close observation of the democratic structure in a cooperative identifies the following factors:

- (a) General Body of Members

- (b) **Board of Directors/Managing Committee and Other Committees**
- (c) **Right to Vote and One Member One Vote**
- (d) **Majority Rule**
- (e) **General Secretary/Secretary**
- (f) **Election Rules**
- (g) **Meeting Notices**
- (h) **Quorum**
- (i) **Constitution/Bye-laws**

In order to understand better the organisational structure of a cooperative society, a look at FIGURE-I would be useful. The chart gives the democratic structure and the description of responsibilities of various organs of a cooperative society.

A brief description of the above follows:

(a) General Body of Members

This signifies the population i.e. individuals from the various strata of the community who constitute the membership of the society. According to the Principles of Cooperation, membership is open to all irrespective of their caste, creed, sex, religious and political beliefs. It is this group of individuals which frames laws and which they agree to impose upon themselves and abide by them. It is this group of individuals which binds themselves into a legal entity—the cooperative society, which is registered by the Government according to the rule of the land. It is this group of individuals which formulates the policies and the objectives of the society. It is this group which elects its own members, e.g., the members of the board of directors or managing committees. The general body of members can amend its own bye-laws. This group enjoys the sole and supreme authority in the operation of the cooperative institution which they own and which they govern themselves. It is this group of individuals which decides on the number of employees and it is this group which authorises the society to go into various aspects of business, e.g., lands, building, equipments and other assets. It is this very group which decides to wind up their own business. These general meetings are of various kinds, e.g., annual general meeting, extraordinary general meeting and special general meeting. See FIGURE-II.

(b) Managing Committee

Members of these committees are the elected office-bearers

FIGURE-I

ORGANISATIONAL STRUCTURE OF A COOPERATIVE SOCIETY AND RESPONSIBILITIES OF VARIOUS ORGANS OF THE STRUCTURE

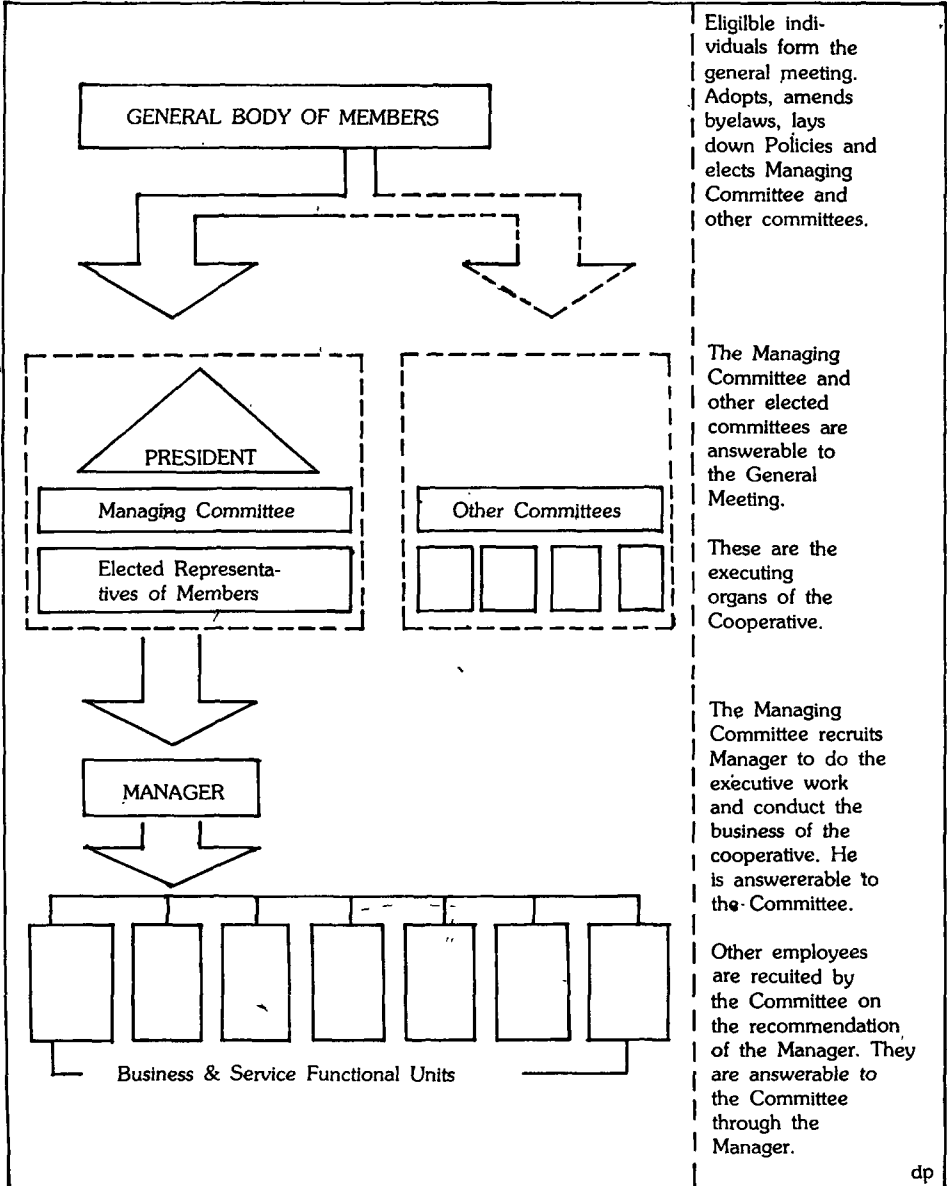
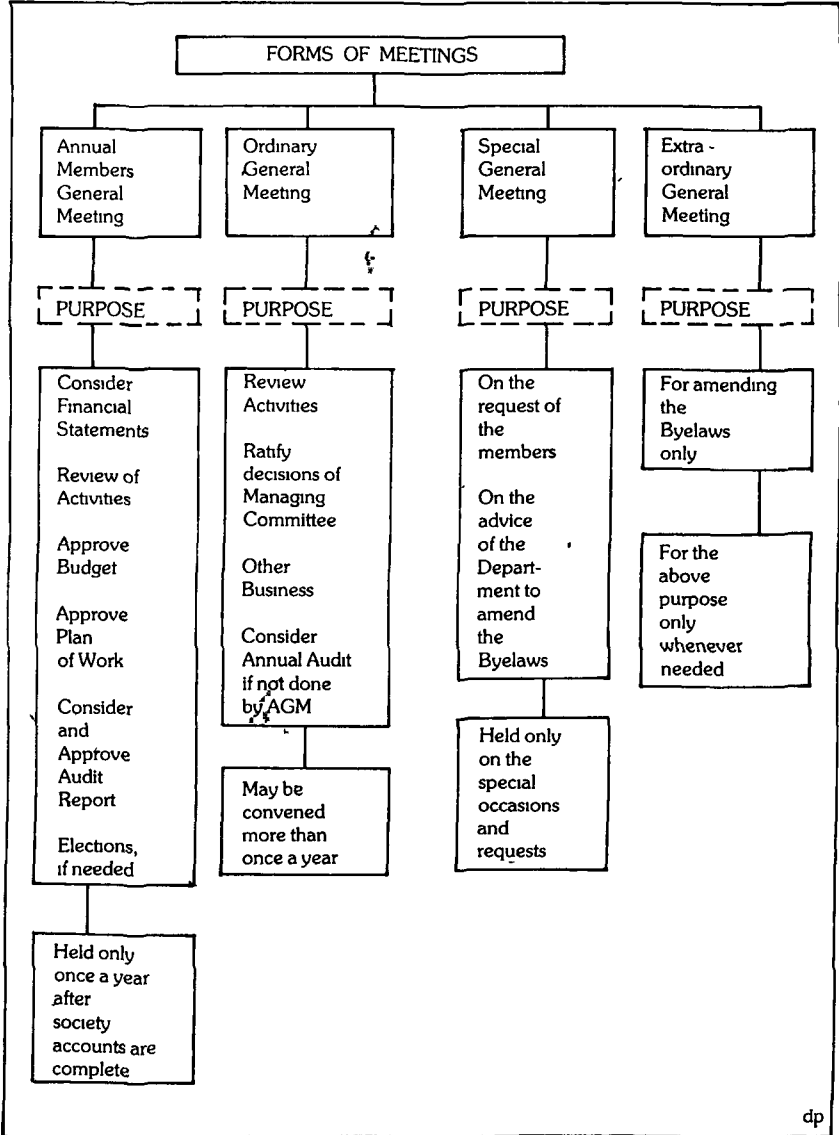


FIGURE-II

FORMS OF MEETINGS OF GENERAL MEMBERS' MEETING IN A COOPERATIVE SOCIETY



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who are assigned to execute and implement the policies laid down by the members. This group of elected representatives undertake all those activities and functions which help to realise the objectives laid down by the general meeting. They are accountable to the general meeting. They hold their office with the pleasure of the general membership. They work on the basis of the delegated authority of members.

(c) Right to Vote

The cooperative principles and practices have laid down specific norms of democratic management. The management in a cooperative is democratic in the sense that the members enjoy the right to vote like in any other democratic operation. The member, who conforms to the qualifications laid down in the bye-laws, is entitled to vote and each member has one vote. The principle of voting by proxy does not find any place in a cooperative. Any member who does not conform to the rules and regulations relating to participation in election procedures is not permitted to exercise his right to vote. It is also expected that members participate in all meetings and take an active interest in its proceedings.

(d) Majority Rule

Like in any other democratic functioning the decision-making process in a cooperative rests on the principle of majority rule. In the bye-laws of cooperatives there is always a distinct provision of majority rule e.g., simple majority or by two-thirds majority. Every question that may appear on the agenda of a meeting of a registered society is decided by a majority of members present and voting at the meeting. In the case of equality of votes the question shall be deemed not to have been decided. However, in the case of an equality of votes at an election the principle of "casting vote" is applied. It is, therefore, evident that the decisions of a society are made with the concurrence and acceptance of the majority of members. However, due consideration is generally given to the views expressed by the minority when the implementation of the majority decision comes up.

(e) General Secretary/Secretary

Besides the President and Vice-President there is generally a provision for the post of a Secretary or a General Secretary. This official is responsible generally to keep and maintain a

proper account of the proceedings of various meetings. He is the Chief Executive Officer in a cooperative society. He is an important link between the members and the management and between the employees and the management. It is he who looks after all the administrative business and legal matters of the society. He is the chief public relations officer of the organisation.

(f) Election Rules

The members of a cooperative formulate, discuss and adopt a code of conduct regarding the holding of elections. This code of conduct includes the procedures to be followed when holding elections. This is done mainly to avoid any confusion or conflict when elections are held. These rules also stipulate who will be the election officer, procedures of nominations and withdrawals of candidature, methodology of casting votes, and other practical matters.

(g) Meeting Notices

Following the democratic traditions the cooperative institution also lays down certain guidelines which influence the convening of meetings. These notices are issued by the Managing Committee in conformity with the rules and regulations. Meeting notices are the channels of the communication between the society and its members. A meeting notice usually includes the date, day, time and the venue of the meeting. The notice also includes the topics (or agenda) to be discussed at the meeting. Meetings cannot be held as and when the Managing Committee would like them to be held. A proper advance notice has to be given to the members. The members also need time to prepare themselves for this meeting.

(h) Quorum

Quorum means the minimum number of members who should be present at the meeting and who are entitled to vote. If the meeting is not attended by adequate number of members, the meeting, if so held, is unauthorised, illegal and against the bye-laws.

(i) Constitution/Bye-laws

This document is the basic document which ensures a smooth operation of a society. It is discussed and adopted by the general body. It is a document to which the members of a society abide

by. Bye-laws are generally regarded as guidelines which help the smooth running of the organisation. It is not a rigid one. It can be amended, reduced and enlarged. Immediately after the bye-laws are adopted by a society these have to be registered with an appropriate government authority e.g. the Registrar of Cooperative Societies. Similarly all amendments to these bye-laws are to be registered. The bye-laws generally contain the objectives, the structure of the society, various duties and responsibilities of various officers of the society, procedures relating to the elections, etc.

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III THE DEMOCRATIC CHARACTER OF A COOPERATIVE

Democratic Nature of Cooperation

Many cooperators, sometimes even experienced and well-informed ones, when asked to explain the democratic character of their Movement, have only one thought in mind: the right of each person to a single vote, for they imagine and believe that the principle "one member, one vote" says all that needs to be said about democracy in cooperatives. But this paper will take the position that this part of the familiar *Rochdale Principles*, basic and essential though it is, enshrines only one facet of cooperative democracy, for the democratic character of cooperative appears and must be tested in many ways besides membership meetings.

The various ways in which the democratic character may be judged and its many ramifications in cooperative organisation are suggested by the following:¹

- Membership in a cooperative is never by coercion but always by volition.
- The concepts of open membership and non-discrimination are basic to democracy in cooperatives.
- There must be, among the members, a certain degree of comparability and bond of association on which to base solidarity. For example, a membership of 500 poor farmers holding 2 hectares each and five rich farmers holding 2000 hectares each is an unlikely foundation for an agricultural cooperative that is going to be democratically controlled, even though the large volume of business of the bigger producers may help to make the cooperative viable.

- Democracy is measured by involvement of members as well as by the counting of ballots.
- In a cooperative that is fully democratic, only the members, the actual users of the service, have the right to nominate and elect officers and directors.
- A democratic cooperative has effective educational programmes and opportunities for leadership training at all levels.
- In a democratic cooperative, women do not occupy positions in a token way as women but in a complete sense as members. There is no distinctive “role for women”, just as there is no separate “role for men”.
- Democracy is less than complete in a cooperative in which there is no democracy in the workplace among employees.
- There is usually a higher level of democratic participation in cooperatives that provide for automatic rotation of directors by bye-laws.
- By strict democratic procedures, auditors are appointed by a membership meeting and report back to the members. Distribution of surplus must also be decided by the members, though, of course, the board may make a recommendation. Furthermore, members in the general meeting have the power to appoint committees that report to the membership as well as to the board.
- A democratic cooperative grants no special favours or privileges to officers and directors that are not available as well to all members.
- If a cooperative needs to own a subsidiary company, provision is made for representation of users on the board of directors and various committees.
- In a true cooperative, supreme authority must rest with the membership.
- The democratic character of an organisation may be judged by the free flow of information to members and the opportunity given to them for feed-back and input into policy-making.
- In a cooperative that is concerned for democracy, all reports and information are in such a form as to be

readily understood and are made available to any minority group of members of significant size in their own language.

- Democracy is at its best in organisations where great power is not lodged in one person, and elite groups or a small clique. Vital decisions are made by consensus rather than by hierarchic command. The depth of democracy can be judged by the extent to which decisions originate from suggestions made at the base of the control structure.
- In a democracy, experts and technocrats are consulted, advise and recommend, laymen then decide.
- In a democracy it is not essential or even desirable that citizens should agree, but it is imperative that they should participate (Eduard C. Lindeman).

In short, the concept of democracy is exemplified throughout all aspects of cooperative organisation, in addition to voting under the rule of “one member, one vote” at meetings. The ideal cooperative of the future will not be a tightly controlled hierarchy of powers, but essentially a democracy in both structure and operation.

Some Major Yardsticks

Although several efforts had been made in the past to identify the yardsticks which could help determine the democratic character of cooperative, the systematic and precise analysis done by the ICA in its “Cooperatives in the Year 2000” are just right as it encompasses all possible aspects of cooperative activity.

Some of the major yardsticks are the following:

Membership is completely *open and voluntary*. Nobody can compel an individual to become a member of a cooperative society nor anybody can ask any member to withdraw from the membership, except, of course, if the legal situation so demands. The very fact that one wishes to become a member of a cooperative society has a background—perhaps it is a family decision where the wife and children are also involved in that decision-making process, or perhaps there have been very pressing needs which have prompted an individual to decide to become a member. Several individuals do not need the services, or perhaps, they do not know what a cooperative institution is, and

perhaps there has not been any kind of motivation for an individual to be a member of a cooperative society. It is a purely personal decision and it is voluntary. If there is any law which compels people to become members of a cooperative institution then, obviously, it is not democratic. This amounts to compulsion and perhaps an infringement on an individual's liberty and freedom. There is no place for such a situation in Cooperative Principles.

“Cooperative is a reaction against the consequences of individualism but it does not suppress the individual efforts. On the contrary it evokes and encourages efforts in the right direction “from competition in individualism to individuality in cooperation”, in the words of Thomas Carlyle”.²

This, however, does not mean that everyone and anyone can enter the cooperative. The qualification necessary for membership in a cooperative society is two-fold... “the need that is common to the members in general and which the society seeks to satisfy...and...that he is able to make use of the society's services”. Weeraman aptly summarises this aspect thus, “The proper observance of the principle of open membership is essential for the observance of the principle of democratic control. If anybody could join a cooperative irrespective of whether he needs its services or not, it would be very simple for anti-cooperative elements to come in by open door and exercise the right of democratic control to vote the cooperative itself out of existence”.³

In order to determine whether a cooperative followed the democratic traditions, it would be good to have a deeper look at the methods and techniques adopted in connection with the admission of members and their leaving the institution.

Participation of members in the affairs of a cooperative institution is another yardstick which could determine the democratic character of a cooperative. Participation here means members' interest in the affairs of their own institution by way of attending general body meetings and other forums, and by participating effectively in the business affairs of the society. By merely paying the admission fee and share money, one does not participate in a cooperative. A full-fledged member has to attend the general meetings, volunteer to shoulder more responsibilities by holding offices, and by transacting business with the cooperative. Borrowing money from the cooperative also entails

that the member sells his produce through the cooperative in addition to repaying his debts in time and in full.

Participation in meetings and other forums leads to greater information being available to the member about his own cooperative, and which results into a better dialogue with and feedback to the society from the members. Both stand to gain if this participation process takes place effectively. Members know more about their institution, they learn more about the services available, they can advise the society to initiate more services and perhaps they can provide the society with suggestions and other alternatives. This process also helps to control the elements which seeks to "make use of the society to serve their own interest" i.e., vested-interests. Members come forward to shoulder additional responsibilities and the society keeps on enjoying the benefits of having new ideas and new initiatives.

As far as the *participation of members in the business* affairs of their society is concerned, it cannot be stressed further than that "the society and members tend to gain the most if the business is properly and fully supported by the members themselves". Members obtain credit and other facilities from the society when they really need these, but when the harvest is ready, it is sold in the open market, thus depriving the society of the privilege of serving the members. If the members are conscious of their rights to obtain credit and other facilities from their society, then it is their duty as well to participate in its business by marketing their produce through the cooperative itself. Any profits that the society might make in this process will naturally flow back to the members themselves. The result would be: members get better returns, society gets stronger, society can provide more and better services, society gets a goodwill among the members and others.

Board members and their election or nomination is another significant yardstick. Cooperative practices and principles demand that the members of the general meeting should and should have the right to elect/nominate their representatives on their Board of Directors. They only should enjoy this right, and nobody else should exercise this right which is "rightfully vested in the members of the general body of membership of a cooperative institution". The supreme authority of a society vests in the general meeting of its members. The aim of the common undertaking is to satisfy the needs of the members. It follows

that the "source and exercise of power in respect of the common undertaking must lie with those whose needs gave birth to the undertaking". "As cooperatives are voluntary associations of human beings, on a basis of equality for the solution of common economic problems, rendering an organised service in the interests of the whole community, it follows that the democratic control exercised by the members would be valid and acceptable to the outside world in proportion to the degree to which it represents the will of those who have the common economic problems which the society seeks to solve." (Weeraman).

It has also been found in several instances that the boards are *superseded and appointed* by an external authority i.e., the government. The pretext for doing this is generally attributed to the fact that the government has some financial stake in the economic affairs of the society. "Nominations of directors and supersession of committees are indefensible when they are made without the consent of the society concerned. It would be better to liquidate the society than to impose an unwanted committee on it". The ICA Commission on Cooperative Principles recognised that "government may ask that its representatives shall sit on boards of management for a time, not with a power to veto, but to make sure that aid provided is being utilised in the way in which it was originally intended... The important consideration is that government representative shall not continue to sit a day longer than it is necessary".

Employees and the cooperative. In the operation of a cooperative business the essential elements are: the members, committees (office-bearers), and the *employees*. Although all employees are not expected that they should be Cooperators or they should adhere strictly to Cooperative Principles and ideologies, yet it is expected that they should have some appreciation of running a cooperative enterprise. They should at least understand why the cooperative business has been established and who should benefit most from such a venture. Since they operate the business according to the policies laid down by the Board and the General Body, they have an active participation in the affairs of the cooperative itself. They handle the members, office-bearers, goods, profits for the institution and they help to build the organisation. It is important that there should be some human resources development activities initiated by the cooperative which could prepare the employees better to perform their tasks efficiently and in accordance with the policies of the cooperative institution.

The cooperative thus invests some money and resources on their development. Since they form an integral component of the cooperative business, they also should have some say in the conduct of the affairs of the cooperative business. They could perhaps have some *say in decision-making process*. Since the basic principle of running a cooperative business is democracy, it would be interesting to study to what extent this democratic control aspect is concerned with the cooperative employees. American and Swedish cooperative enterprises are shining examples of such an excellent collaboration.

Flow of information to the members is yet another yardstick which could help measure the democratic character of a cooperative institution. It has often been observed that the only contact the members have with their cooperative is at the time of the general meeting. Another possible contact is when the members go to the society to obtain and use some of the services e.g., obtaining credit, hiring out some agricultural implements, purchasing essential commodities etc. There have been very infrequent contacts between the members and their elected representatives. Board and Committee members seem to enter their 'ivory towers' immediately after their elections and they become extremely inaccessible to the members. Societies also do not put up any social activities which could involve the member. No informatory material is issued by a majority of primary and secondary cooperative institutions. Some efforts are, however, made by the apex organisations when they issue some sort of information sheets or cooperative journals or newsletters.

Flow of information from the society to the members can be one factor which could generate some sort of feeling of "belonging". This information also keeps the members informed of the activities of the society and the services provided to the members. Information leads to the education of members. "Without there being any information from the society, members remain in darkness and they remain ignorant of the work of the society". This results into low business participation, low participation in general meeting and at other forums, low sympathy for the institution. In order to enrich the knowledge of the members a continuous flow of information — through newsletters, personal contacts etc. — is necessary. In a number of studies the reasons for low participation in meetings and business have been traced back to the absence of flow of information from the society. In

order to enhance an effective participation of members in a democratic process, member awareness is extremely essential.

Member awareness also helps in *stopping the concentration of power* in one single individual or in a group of individuals. Members awareness also impresses upon the society office-bearers and cooperative employees the need for providing better and courteous services to the members.

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IV PROBLEMS OF COOPERATIVE DEMOCRACY

Norms and Ethics

Cooperative organisations are based on certain norms and principles. These principles are generally the codes of conduct and guidelines for cooperative institutions. They are not rigid. They can be adapted to suit the local requirements without, of course, damaging the essence and spirit of these principles.

Cooperation is also a form of economic organisation. It has certain higher values. Cooperation is a voluntary democratic association of human beings, based on equality (of control and opportunity) and equity (of distribution) and mutuality for the promotion of their common interests as producers or consumers. The key words are:

- (a) Voluntary
- (b) Democratic association
- (c) Human beings
- (d) Equality
- (e) Equity
- (f) Mutuality, and
- (g) Common interests.

The cooperative, primarily, serves its members' interests by meeting their basic needs without earning any profits for itself. It is also not expected to earn profits for its members by dealing with others. This clearly indicates a different type of character from other forms of business. These characteristics are, of course, embodied in the Principles of Cooperation. They emerge from the basic aim of a cooperative i.e., to protect and promote the interests of its members, without affecting their freedom, liberty and dignity. Its affairs, therefore, should be administered in the best interest of members. This administration is to be democratic and operated on democratic principles only. Hence the principle

of democracy is the basic principle of cooperation. All other principles of cooperation are centred around this fundamental principle.

When we discuss a democratic control or democratic management we naturally look at the human aspect of a cooperative institution — the members of a cooperative society. It is they who govern, own and operate the society. It is they who elect the office-bearers. It is they who formulate the basic policies and objectives of their cooperative. It is they who bind themselves into one institution by adopting a constitution on themselves — the bye-laws of a cooperative society. A cooperative institution, therefore, is a unit of self-government. This is an idealistic description of operation of democracy in a cooperative institution. Practices may, however, differ.

The affairs — administrative, financial, legal, social — are controlled by the members generally in two ways. Firstly, by attending general body meetings and secondly, by exercising their right to vote to elect officers on their board of directors. The members can, as per the provision of bye-laws, even recall or dismiss their elected representatives, if a situation so demands.

Cooperatives are democratic institutions and a democratic institution does not prosper without any participation. In a cooperative institution all members are expected to participate in its affairs — social or economic. Participation is the key.

This leads us to the question whether the members exercise this control by merely attending the general body meetings. Do they really understand the methods of operating their society, the policies and the objectives? Another aspect is, are they free and frank? Has there been sufficient information provided to the members which can enable them to take part in the general meetings effectively? Is there any motivating factor which attracts them to the affairs of their cooperative? In other words, do they get any benefit from their cooperative society?

It is necessary for members to have sufficient knowledge of the working of their cooperative and of its policies to be able to form a rational judgement upon them. They should participate in the meetings and discuss issues freely and frankly. This requires adequate provision of information to members and opportunities for discussion of the society's affairs with those responsible for its management, and enlightenment, civic capacity, social con-

sciousness, vigilance, and sense of belonging together or the “we-feeling” on the part of members.

The above discussion leads us to the following simple and basic conclusions:

- Members must participate
- Members must understand
- Members must get information
- Members must practice democracy
- Members must be alert and vigilant
- Members must have a sense of belonging.

It has been observed that members hardly bother to come to participate in the general meetings. They do, however, visit the Society office, but only in connection with the services e.g., loan applications, purchase of fertilisers, consumer items etc. It has also been noted that participation in general body meetings has shown a downward trend. The membership may be increasing but the attendance at the meetings is diminishing. This ultimately leads to the development of “vested interests” which the members, of course, resent in due course of time.

Ignorance, Misinformation and Distrust

Naturally when the members do not participate in general meetings, they deprive themselves of information about their co-operative. Several important decisions are taken by the people who are present at the general meeting. And in a democratic institution, majority rules. All members are then bound by the majority decisions. Members remain ignorant of the consequences of majority decision simply by not attending general meetings.

Once major decisions are taken members begin to feel the pinch of it. They react adversely to some of the decisions. They form their opinion about their own cooperative merely on “hear-say”, “gossip”, “rumours”. These are the direct results of mis-information. And misinformation compliments “ignorance”, and a combination of the two results into distrust. Distrust brings in frustration and apathy. Observations made in a majority of developing Cooperative Movements strengthen the belief that the failure of large number of cooperative institutions results from ignorance and lack of information. The high level of illitracy, low knowledge of legal aspects and operational management techniques adds to the confusion. If the members cannot read and write it is the duty of the leadership to explain the key

points to the members by using simple communication tools and means, e.g., audio-visual aids etc

Operational aspects of a cooperative deals with:

- (1) Democratic Control: Control exercised by members over the board and the board over the management on the basis of quality. The effectiveness of democratic control depends on members' education, cooperative knowledge, knowledge of working of own society and identification with or sense of belonging together. This also involves their loyalty towards their cooperative.
- (2) Management: This refers to the executive team which conducts the day-to-day affairs of the society. This includes the elected office-bearers and the employees. They are responsible for all aspects of management
- (3) Member Involvement: This means the investment of the member in the society e.g., his share capital. His willingness to transact all his business with the society and taking an active interest in all other affairs of the society.
- (4) Member Loyalty: This means his sense of belonging to the cooperative, his sense of ownership and his sense of working together with other members. The loyalty cannot be enforced. It has to be inculcated by means of good, relevant and effective participation and provision of services.
- (5) Participation in Business. This relates to the amount of business transacted by the member with the society, utilisation of services of the society, offering suggestions for improvements and new programmes etc
- (6) Members' Satisfaction: This relates to the satisfaction of members with the services and the management of the society. The services provided have to be in accordance with the needs of the members.

Some Obvious Factors

Looking at the present scene of the world theatre today, we find ourselves in the midst of some very horrifying happenings. While there are efforts to make major scientific and technical advancements, we cannot shut our eyes to the threats of war, growing population, increasing unemployment, depression in

economic fields declining trends in agricultural production shortages in nutritious consumptions loss in moral and ethical values discrimination on the basis of colour and creed and insecurity. The life of mankind is in the midst of a struggle for survival. Society is getting desperate and signs of frustration are emerging strongly now than ever before. There is a continuous fight among the various systems of governments and ideologies.

One of the harsh realities of our times is that the majority of people in the world go hungry and suffer from malnutrition while another part is plagued with food surpluses and gluts. Land utilisation for food production is getting lesser and lesser. A good chunk of agricultural land is coming under industrial units producing non-food items. A large number of farmers are entering non-farming sectors. Agricultural production is falling and the traditionally labour-intensive agricultural profession is shrinking fast.

Because of stagnation and serious economic difficulties in various parts of the world, production has gone down, unemployment rates have gone up, job opportunities are diminishing and consumption goods are getting scarce. Already there are an estimated 100 million unemployed in the world. By 1990 some 400 million more will be needed all over the world for young people who will be joining the workforce. With the increase in population and with the shrinking of job opportunities and food possibilities, human life is gradually coming under a severe strain. These problems affect developing countries more as there are already very meagre resources for development and time-consuming construction of new structures take a lot of money and time. The situation is dire in the poor countries of the Third World. Poor nations are gradually accumulating heavy debts. These are already poor and they are becoming poorer. The year 2000 AD does not appear to bring any positive solutions to the human race. The advancement in technology will continue to displace people from their prime jobs. Increasing trends in population would continue to add to the already falling levels of living.

Formerly and development experts, however do not regard this situation as very alarming. They still feel that human resources are properly utilised and if the democratic processes are safeguarded and strengthened perhaps things can look better. It has been pointed out that "resorting to intermediate technology can perhaps provide a solution". Instead of investing in high-risk ventures, it is better to operate medium-size ventures. The idea

is that greater use should be made of available resources using indigenous methods and techniques and the available manpower. The workforce may be trained and upgraded to handle the medium-size and labour intensive infrastructure. In developing countries, like India, such a line of thinking is widely accepted.

Special emphasis is being laid on a middle way i.e., respecting the human resources and human values, and economic institution with base in rural setting, like a cooperative, could perhaps provide better services to rural India.

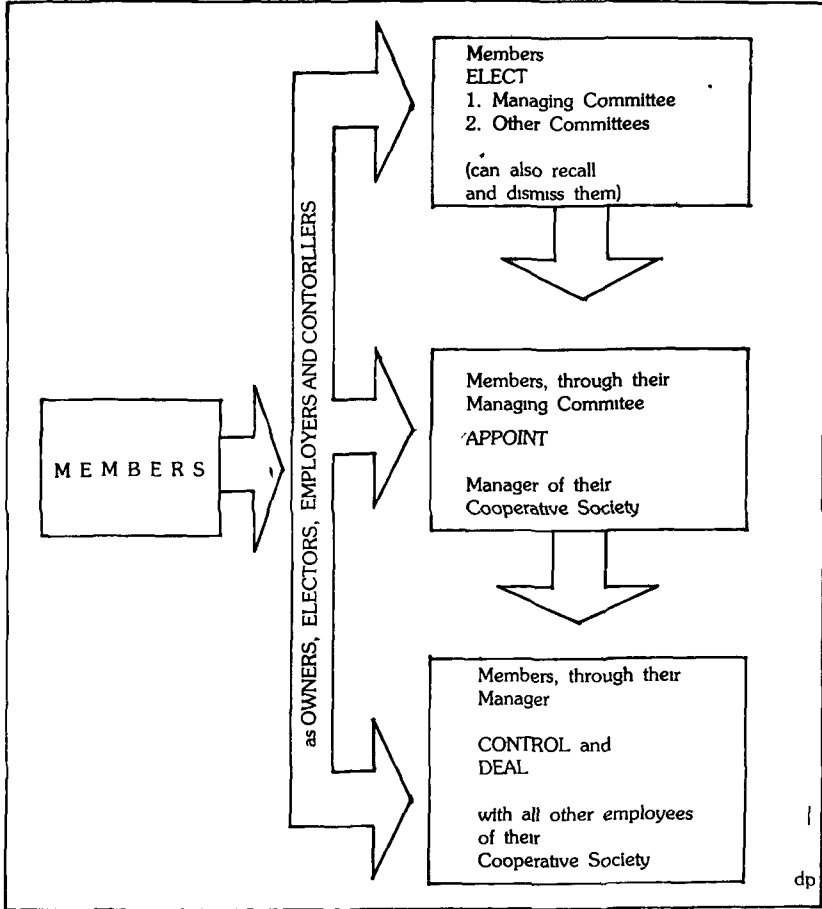
Keeping in view the discussion in the previous chapters and in the context of the serious economic problems faced by mankind, it is necessary that extra care be given to the "village as a unit for economic and social survival and development".

A cooperative institution is an association of persons, or of societies, which has as its object the economic and social betterment of its members, through the satisfaction of their common economic needs by means of a common undertaking based upon mutual aid and profit-elimination, and which conforms to the cooperative principles. As to the importance of cooperative institutions, Mrs. Indira Gandhi, Prime Minister of India, inaugurating the Sixth Indian Cooperative Congress in 1971, said: "I know of no other instrument so potentially powerful and full of social purpose as the Cooperative Movement. It helps people to help themselves. It also enables the state to provide the necessary support and resources, without inhibiting their initiative and individuality..... It is the only instrument capable of securing economies of large-scale work without generating the evil consequences of economic concentration".

A cooperative society has its own structure, constitution and objectives. Members are the owners. Members, in general meeting are supreme. FIGURE-III describes the enormous authority that the members enjoy in a cooperative institution. They are the owners of the institution (its assets, services and goods); they are the electors (they elect their representatives on Board or the Managing Committee) and ask them to conduct and carry out their policies and programmes and achieve the main objectives which they have laid down in the bye-laws of their society; they can recall and dismiss their representatives if they were found wanting or dishonest. They are the employers. They authorise their elected representatives to recruit a manager to execute the day-to-day business and also recruit other employees to look

FIGURE-III

MEMBER OF COOPERATIVE SOCIETY AND HIS CONTROL ON THE AFFAIRS OF HIS COOPERATIVE



after other services. Members are the controllers because they review the work of the committee/board every year, ask for details, ask for explanations, and authorise the committee to invest in estate, machinery and goods. They control the finance of the society as they approve the audit report, budget and expenses. They are also the legislators as they adopt and amend bye-laws of the society.

Practical Problems Faced

It has been discussed at some considerable length earlier that member participation is the key to the successful operation of cooperative democracy. A greater number of members are apathetic to their cooperative due to various reasons. Most of the members of cooperatives, particularly in a country like India, where the Movement has been sponsored by the government, lack the concept and value of membership because of ignorance. They are not conscious of their ownership of the organisation, of the right to vote which that ownership bestows on them and of the need for external vigilance. They lack ideological involvement in cooperatives and so do not feel compelled to be loyal to them. Some of the reasons are given below.

- Members feel that their individual suggestions may be ignored by the management and leaders,

Members are hesitant to appear or talk in front of the group (Indian society, ironically, still respects hierarchy).

Members of stronger groups feel their say

is not taken into account.

Members are

not interested in general meetings.

Members are regarded as an unexciting business.

Members are not given greater respect.

Sexual discrimination (women are normally considered subordinates),

- Lack of education and an important role in Indian society, and lack of cooperative knowledge e.g. ignorance about their implications.

This "leads to the conclusion that educational, social participation, member's stake, a longer period of membership, knowledge of principles of cooperation, member's knowledge about own society, member identification, member participation in business, and member satisfaction promote democratic participation and that illiteracy, caste hierarchy, occupational heterogeneity, socio-economic disparity, lack of enlightenment, lack of identification, lack of loyalty and lack of satisfaction retard democratic participation".¹

It is in the context of these problems that one has to consider the cooperative development in developing countries, like India. It should, however, be kept in mind that all cooperatives in India do not present all the problems discussed herein above, however, a combination of these does persist.

An Appraisal

The key factor in the management of a cooperative institution is the participation by members. By participation we mean: participation in business, participation in the democratic process and the participation in the social factors relating to the cooperative activity. Looking at the growth and diversification in the business of cooperatives it has been found that in some cases societies have grown in size. The membership runs into thousands. Management of members becomes a very difficult process. Even maintaining an effective communication and dialogue with members presents enormous organisational problems.

The participation of members in general meetings has shown a disappointing trend. Even in the last century it was noted in some kinds of cooperatives that participation was on the decline and democratic control thus being diluted. "The general situation in many cooperatives, perhaps the majority, is that a rather smaller percentage of members attend meetings, and in some it is difficult to attract the necessary quorum for a general meeting. If participation is an index of vibrant democracy, then far too many cooperatives should be described as undemocratic".²

Then what are the principal causes for such a trend. Perhaps the large size of societies make participation more difficult. Perhaps members have some reservations towards their cooperative. Another reason can be cultural traditions which may discourage participation. Yet another reason can be the presence of

high government officials and leaders at the general meetings which may deter the ordinary member to participate. Yet another important factor can be that the members have developed some kind of apathy towards their cooperatives or their office-bearers. Members may even be ignorant of their importance at the general meeting. The question, therefore, that may come up is, are the members aware of their rights and responsibilities? This is a question of education and training. Perhaps no efforts were made to educate the members about their rights and responsibilities. Perhaps nobody ever told them that the decisions made at the general meetings are also binding on them even if they are not present there. It may also be possible that nobody ever "allowed" the members to take their decisions on their own. The question is :: who is in the focus – the member or the cooperative! Looking back, do we not realise that the burden of being a good member is on the member himself - and, as if, the cooperative had no role to play to educate its members and to enlist their active participation. That was the past, and now we look for the year 2000 AD. It is going to be quite different, if the Movement has to succeed.

Members are individuals and each individual is surrounded by his own personal and professional problems. He may have a different experience. Members, when they associate themselves with cooperatives, have certain expectations. Because of the various reasons perhaps those expectations could not be realised. These reasons could be outside the control of the cooperative. But the member feels neglected and let down. He develops some kind of apathy towards his institution. This aspect, particularly, the economic aspect has perhaps not been brought home to the members. This is perhaps the missing link of member participation. The central point of this discussion is the education of member and the information that he should get from the society.

Another aspect can be: whether the cooperatives themselves ever tried to educate their own members! It would be unfair to heap all the ills on the members alone, the cooperative institutions also should share some of the blame themselves. In many cases it has been noticed that cooperative member education programmes were always initiated by the cooperative unions or by the extension officers of the government and it was expected of the cooperative institutions to support such extension and education programmes. At what level and to what extent, the cooperatives themselves ever tried to educate and train their own members

on their own initiative? Immediately upon the registration of a cooperative institution, two clear factions emerged — one, cooperative's managing committee including the managers, and the other, the members. It was expected that the members should participate in the organisational structure and in the business operations of the cooperative, but in very exceptional cases the cooperative itself suggested programmes of cooperative extension, education and training for the members. This is another issue, which could be considered in the context of member participation in cooperative development.

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V A BRIEF REVIEW OF COOPERATIVE MOVEMENTS ABROAD

In order to have a better appreciation of the efforts and potentials of the Indian Cooperative Movement it is good to have a look at the state of cooperative development in some selected countries. The Indian Cooperative Movement has been continuously borrowing from experiences and good practices of successful Cooperative Movements elsewhere and trying to improve its own organisational structure. Some of the countries which have strongly influenced the Indian Cooperative Movement are: Germany, Great Britain, Japan, Sweden and the United States of America.

Germany

Germany was the first country in the world to apply the Principles of Cooperation in the field of credit. The Movement was started in the middle of the 19th century. Raiffeisen (1818-1888) and Herr Franz Schulze (1808-1883) of Detlich were the two pioneers in this field. Self-help was the basic principle of their strategy. The main objective of the Raiffeisen societies "was to improve the situation of its members, both materially and morally". The special emphasis was laid on the economic emancipation of the farmers. The administration of these societies was carried out through general meetings, board of directors and council of supervisors.

From the comparative analysis given in the chart, it is clear that although the aims and objectives of Raiffeisen and Schulze were the same, and methods adopted by them were also not entirely different, the approach to the problem was quite opposite to each other. One looked at it as a social reformer while the other as a sound businessman.

The Movement grew from below and the Government did

not impose any pressure to accelerate the development of the Movement. No special protection was provided by the government. The members got together to develop their own cooperative institutions. Cooperative education, information and training activities are the essential ingredients of the Movement and these activities are inbuilt and fully supported and operated by the Movement itself.

Comparative Analysis Chart: Germany

Raiffeisen Societies	Schulze-Ditlich Societies
1. Membership was limited to the rural masses, especially farmers and cultivators.	1. Membership was limited to artisans, industrial workers and middle class people living in cities and towns.
2. Unlimited liability of the members.	2. Limited liability of the members.
3. Small area of operation.	3. Large area of operation.
4. Small loans were given to the members which were recovered over a long period.	4. The amount of loans advanced was bigger and the period of re-payment was short.
5. Loans were given on the basis of personal security of the members and only for productive purposes. Emphasis was on the personal character of the borrower.	5. Loans were given on the security of tangible assets. Although loans were advanced for productive purposes, no supervision over the utilisation of the loan was made.
6. Nominal share capital.	6. A strong share capital.
7. Profit earning was not the motive and even under the cooperative law only a small portion of profits was distributed to the members as dividend.	7. Profit-earning was the chief motive and the rate of dividend was quite high.
8. Losses and profits were transferred to the reserve.	8. Not much emphasis was given to the reserve fund.

Raiffeisen Societies	Schulze-Ditilzch Societies
fund and endowment fund. The endowment fund was indivisible.	Reserve fund was used for making up the losses, but it was required to be made good as soon as possible.
9. The society management was honorary.	9. The management was paid.
10. Emphasis was given on moral as well as material well-being.	10. The chief concern was with the material well-being of the members.

Great Britain

Britain is the home-land of cooperative stores movement. It was the outcome of radical changes that took place in the latter half of the 18th century in the economic and social systems of Britain under the impact of the Industrial Revolution. Some of the champions of the British Cooperative Movement were Robert Owen (1771-1858), Dr. William King (1786-1865) and the Rochdale Pioneers (1844). The most outstanding experiment was the creation of the Rochdale Friendly Cooperative Society formed in 1830. The guidelines established by this society to operate their business and to deal with their members eventually came to be known as Rochdale Principles on the foundation of which are designed the present-day Principles of Cooperation.

It was in Britain where the concept of education of members was conceived. Disturbed with the lack of loyalty among members towards their cooperative towards the end of 19th century the cooperative leaders gave a serious thought to starting a regular member education programme. Professor Stuart of Cambridge stated in 1879, "your movement is democratic movement if ever there was one. Education is desirable for all mankind; it is the life's necessity for cooperators"

In 1883 an Education Committee was set up and the objects of cooperative education were laid down as "primarily the formation of cooperative character and opinion, and secondarily, though not necessarily of less import, the training of men and women to take part in industrial and social reforms and municipal life generally". The first attempt at class instruction in cooperation seems to have been started in London in 1882.

Britain has the unique distinction of having a Cooperative Party.

The Cooperative Union Limited is the national federation of cooperative societies in Great Britain and Ireland, set up in 1869. Its functions are to coordinate and advise, the member-societies and act as their spokesman. It does not engage in trade nor does it provide an auditing service. Society members cannot be compelled to conform to its decisions though they are morally bound to do so. The Union is involved in a mechanism which settles disputes in cooperative societies.

One of the important functions of the Union is to conduct cooperative education. The Union conducts corespondence courses and residential courses. It has also established a Cooperative College at Standford Hall in Loughborough, which provides courses in higher studies to about 120 students at a time.

The British Cooperative Movement is independent of government grants except for a limited subsidy for educational purposes. In a way it is the absence of state assistance that explains for the independence of the Movement from government interference.

25% of the British population are within the fold of the Cooperative Movement.

Japan

The Cooperative Movement in Japan started in the middle of the 19th century when the cooperative credit organisations (Koh) appeared first on the scene. The basic principle behind the organisation of these institutions was that a group of friends would contribute to a saving pool to be used as a loan fund. The members could borrow from this fund in times of need and pay back gradually by making deposits to the fund. In the modern times the Japanese gained a lot from the modern European Cooperative Movements. First consumer cooperative was established in 1879. The Movement had to pass through a crisis after the Sino-Japanese war of 1939. Many of the cooperatives lost their democratic character. A tremendous development and reorganisation took place in the Japanese Cooperative Movement after the Small Enterprises Cooperative Law was passed in 1900.

The basic principles which are common to all cooperative laws in Japan are as under:

- (1) Organisation of the cooperatives should be based on the *free will* of the members;

- (2) Management of cooperatives should be *democratic*
- (3) Membership of consumer cooperatives is *open to all*.
- (4) *Capital* is necessary as long as cooperatives manage some business.

With the passage of the Agricultural Cooperative Societies Law of 1949, a new life was given to the Japanese farmers. The law paved the way for the democratic development of Japanese agriculture and rural community. The Law provided that the agricultural cooperatives be managed on the basis of the principles of *freedom* and *democracy*.

An extremely important feature of the Japanese agricultural cooperative activity is the extension, guidance, advisory and information service to the farmer-members. This covers all aspects of member education.

The powerful Cooperative Movement in Japan has various methods by which it ensures an effective participation of members in their cooperative organisations. Regular meetings of committees and annual general meetings are the star features of the Japanese cooperatives.

Farm guidance activities of agricultural cooperatives in Japan are the most efficient. These activities are carried out with the help of well-trained staff employed by the local cooperatives, prefectural cooperatives and the national organisations. Guidance activities at the local level are conducted as an integral part of the *business* of agricultural cooperatives.

Commodity groups, a salient feature of the Japanese Agricultural Cooperative Movement, are organised among farmer members. Each group generally consists of 10-15 persons and is supposed to provide specialised agricultural extension, supply and other services to the farmers. The group elects its own chairman or a leader, who is himself a progressive farmer. This group becomes a pivot of guidance activity in the affairs of the agricultural cooperative.

School children are involved in Cooperation right from their schools. Children are taught the various techniques of operating an agricultural cooperative including the various aspects of agriculture itself.

Within the Consumer Cooperative Movement, women are involved more and more in providing better and up-to-date information among the women members of consumer co-ope-

tives Housewives' associations, women's guilds, consumer associations, le-No-Hikan Association are some of the outstanding examples of *member communication* in Japanese consumer cooperatives

"Han" groups have their own significance so far as consumer information and member-relations are concerned "Han" group consists of the housewives who happen to live within a small area e.g. one building, or a street The "Han" group discusses frequently the common consumer problems and take suitable and remedial action to solve their own problems These groups elect their own leaders and deputy leaders The consumer cooperative society is supposed to have a special unit to look after the interests and needs of these "Han" groups These groups keep a watch on quality and prices of goods and undertake joint purchases

Sweden

After Britain, Sweden is the second country where Consumer Cooperative Movement has achieved a phenomenal success The Movement has grown in experience and organisation with the years and after over 100 years of its existence it is one of the largest Cooperative Movements in the world and the most progressive Movement in existence The Movement has been able to attain its present position and stature because of its brilliant leaders who interpreted the Rochdale Principles and applied them in such a way as to suit their own circumstances and environments It is a supreme example of fruitful cooperation between the consumers and the producers

Some of the outstanding cooperative institutions of Sweden are Kooperativa Forbundet (KF) — The Swedish Cooperative Union and Wholesale Society The Federation of Swedish Farmers Association The Swedish Tenants Saving and Building Society (HISB) Folksam (Swedish Insurance Society) etc

In the field of member education each sector of the Movement is responsible for its educational activity and organises according to its own requirements which generally follows three lines (1) The study group (2) The Correspondence School and (3) The Residential College

An interesting feature of the Swedish Cooperative Movement is its Consumer Movement The Swedish Cooperative Union and

Wholesale Society (Kooperativa Forbundet-KF) was formed in 1899 to act as an advisory body to primary cooperative stores and to act as a medium for publicity. In 1904, KF began to act as a supplier of goods to the primary cooperative stores. Gradually the KF became a full-fledged wholesale society. It has a number of consumer goods producing factories. It undertakes various other important functions e.g., insurance (through its own subsidiary), test laboratories, employer, financial consultancy, and education of members and training of employees. It also runs a special housewives department whose main function is to arrange cooking demonstration for ladies and provide courses in gymnastics for housewives.

The Swedish Cooperative Movement attaches great importance to establishing good communication and rapport with the members. The correspondence courses and study circles are very important features of the cooperative education and information activities.

In order to provide technical assistance and support to Cooperative Movements in the third world, the Swedish Cooperative Movement has sponsored an aid-giving agency called the Swedish Cooperative Centre (SCC), which provides assistance and funding to Movements through the International Cooperative Alliance and on direct bilateral basis.

The greatest asset of the Swedish Cooperative Movement has been the enlightened membership which participates in the business and democratic affairs of their societies.

United States of America

The Cooperative Movement in the United States started with the first settlers in the country. In the initial stages it flourished in the field of agriculture. Legally speaking the Cooperative Movement started in 1865 when the first Cooperative Law recognised the sale and purchase cooperatives for the first time (although the buying and selling associations had been in existence for the last 50 years). Some of the important areas in which the Movement made very rapid progress are marketing associations, purchasing associations, rural service cooperatives and agricultural credit institutions. Over a period of time a host of urban cooperative institutions emerged but it is a fact that the most significant success of the Cooperative Movement has been in rural areas.

The Movement has an elaborate, extensive and effective

extension activity and the members have been taking an active interest in the affairs of their societies.

Nearly 10% of the Americans are the members of cooperative institutions.

Some of the high points of the American Cooperative Movement which have influenced the fabric of the Indian Cooperative Movement are in the fields of fertiliser production and distribution, oilseed production, rural electrification activities, and member education and extension programmes.

VI THE REPUBLIC OF INDIA: SOME BASIC INFORMATION

India is the second most populous and the seventh largest country in the world. It is wholly situated in the northern hemisphere and covers an area of 3,280,483 sq. kms. The mainland extends between latitudes 8°4' and 37°6' north, and longitudes 68°7' and 97°25' east, and measures about 3,214 km. from north to south between the extreme latitudes and about 2,933 km. from east to west between the extreme longitudes. It has a land frontier of 15,200 km. and a coastline of 7,516 km.

It is bounded on the South-West by Arabian sea, in the South by Indian Ocean and in the South-East by the Bay of Bengal. The country, in the northern part is adjoined by China and Nepal, in the East by Bangladesh and Burma and in the North-West by Afghanistan and Pakistan. In the south the Gulf of Mannaar and the Palk Strait separates India from Sri Lanka. The major portion of the country is a compact land mass but the Islands of Andaman and Nicobar in the Bay of Bengal and Laccadiva, Minicoy and Amindavi Islands in the Arabian Sea form a part of the territory of India.

The present population of the country is about 750 million. 75% of people live in rural areas. There are approximately 605,224 villages, 4,200 towns and cities and 422 districts. The country has 31 states.

According to 1981 census, the literacy percentage is 36.23. Out of this 46.89% of males and 24.82% of females are literate. Of the total population, nearly 64% of the people are still illiterate.

India, a Union of States, is a Sovereign Socialist Secular Democratic Republic with a Parliamentary form of Government. The Legislature of the Union called the Parliament consists of two Houses — A Council of States called "Rajya Sabha" and a House of the People called "Lok Sabha". Similarly, every

state has a legislature of elected representatives called "Vidhan Sabha". Some of the bigger states also have an Upper House called "Vidhan Parishad".

The Indian economy is predominantly an agricultural economy. The agricultural sector contributes nearly 40 per cent of the net national product, provides livelihood to 60 per cent of the total working force, and accounts for nearly 35 per cent of the country's exports. The contribution of women in agricultural production is around 52 per cent.

Agriculture (including animal husbandry, fishery and forestry) provided employment to the largest chunk of India's labour force. The share of agriculture in the total labour force of 220 million was more than 65 per cent in 1981.

Table 1: Some Vital Statistics

Total geographical area (1980-81)	: 328.7 million hectares
Total area under land utilisation (80-81)	: 304.9 million hectares
Gross cropped area (1980-81)	: 173 million hectares
Gross irrigated areas (1980-81)	: 55.02 million hectares
Soil conservation and agricultural land (1980-81)	: 24.02 million hectares
Consumption of fertilisers (1980-81)	: 5.52 million tonnes
Foodgrain production (1980-81)	: 129.87 million tonnes
Procurement of foodgrains (1981)	: 12.91 million tonnes
Cultivators (1981)	: 91.39 million
Agricultural labourers (1981)	: 55.37 million
Per capita daily availability of foodgrains (1981)	: 459.5 grams
Qualified voters (1980)	: 363 million

Nearly 6 per cent of the Indian population constitutes the membership of the Indian Cooperative Movement.

Agriculture in India is still dependent on the "whims and fancies" of monsoons, although many large hydro-electric projects continue to operate. Main agricultural products of India include, among others, wheat, rice, cereals, pulses, sugar, oilseeds, cotton, jute etc.

VII COOPERATIVE MOVEMENT IN INDIA: ITS ORIGIN AND GROWTH

Viewed against the size and social and economic dimensions of the country itself, the Indian Cooperative Movement has gradually and steadily grown in size and stature. While the Cooperative Movements in many of the Western countries grew from the bottom, the Movement in India was introduced from the top.

The development of the Indian Cooperative Movement can be studied under two major headings: (I) Pre-Independence period; and (II) Post-Independence period.

I Pre-Independence Era

Reasons for Introducing Cooperative Movement

In India, the Cooperative Movement was introduced with the main object of making a break-through in the stagnation of the poorer classes, especially for the vast majority of the agriculturists, who were under the heavy weight of indebtedness. Sir Daniel Hamilton had said, "The country was in the grip of Mahajans".¹ The then Government was very much worried about this and was trying to find out some solution.

In 1875 Deccan Riots took place in Maharashtra and simultaneously natural calamities also came in the country. They had created lawlessness in the country and caused distress and dissatisfaction among the agriculturists thus making them dependent on money-lenders. Several Acts were passed to give relief to the agriculturists but they were found inadequate and were not able to cope up with the stupendous and complex problems of rural indebtedness.

Nicholson Report

In 1882, Sir Frederick Nicholson was deputed to West Germany

for a survey and in 1885 he submitted his report with the recommendation "Find Raiffeison". Side by side, Mr. Dupernex, after a careful study of the problems, recommended for the organisation of "peoples banks for Northern India". Based on these recommendations, the government appointed a committee under the chairmanship of Sir Edward Law to make proposals for their consideration. In 1901, the committee drafted a Bill and Model Rules with the result that Cooperative Credit Societies' Act 1904 was passed.

Growth

Now, the growth of the Cooperative Movement in India can be discussed under the following headings:

1904-1911 (First Stage)

With the introduction of Cooperative Credit Societies' Act of 1904, Cooperative Movement was started in India and stress was laid on organising only agricultural credit cooperatives. The main object of this Act was "to encourage thrift, self-help and cooperation among the agriculturists, artisans and other persons of limited means".

The progress of the credit societies during this period was not satisfactory due to various factors such as:

- Lack of trained personnel
- Loans advanced were inadequate and delayed
- Recoveries could not be made
- Defective loan system
- No provision for the formation of Central Banks/Unions
- Classification of societies into rural and urban was not suitable

At the beginning of the year 1906-07, the number of societies was 843 with a membership of 90,840 persons whereas in the year 1901-11, it was 5,321 with a membership of 305,060 persons.

1912-1918 (Second Stage — Period of Hurried Expansion)

The defects of 1904 Act were removed in 1912 by another Act known as Cooperative Societies Act 1912. Under this Act, all types of cooperative societies were organised. It gave an impetus to the growth of the Cooperative Movement. In the year 1911-12, the number of societies was 8,177 with a mem-

bership of 400,000 whereas in the year 1917-18, it was 25,192 with a membership of 1.09 million.

Maclagan Committee Report (1914-15)

The government wanted to be sure about the progress of the Cooperative Movement before taking any further action. In 1914, a committee under the chairmanship of Sir E.D. Maclagan was appointed to review the progress of the Movement. In 1915, the committee made its report giving concrete proposals for the further development of the Movement.

1919-1929 (Third Stage — Period of Unplanned Expansion)

When the Reforms Act of 1919 was passed, Cooperation became the State subject and was placed under the charge of a Minister concerned. The States amended the Act of 1912 according to their agricultural requirements. First of all, Bombay framed its own Act in 1915. It was followed by Madras, Orissa, Bengal, etc.

Table 2: Progress of the Cooperative Movement During 1919-1929

Year	Credit		Non-Credit	
	No. of Societies	Membership (in thousand)	No. of Societies	Membership (in thousand)
1918-19	28,977	967	1,971	262
1928-29	87,991	3,004	9,761	992

1930-38 (Fourth Stage — Period of Consolidation & Reorganisation)

This was the period of great depression. The economic crisis resulted in the fall of prices, particularly of agricultural commodities, which, in turn, adversely affected the economic conditions of the agriculturists. Their repaying capacity dwindled considerably. The demand for loans increased while overdues mounted on heavily. This resulted in closing the business and paralysing the working of the cooperatives over large parts of the country.

During this period of stress and strain, rectification and rehabilitation rather than expansion became the main object of cooperative departments. All attention was directed towards consolidation and reorganisation of the existing societies by developing their resources and making them more cooperative. Close supervision and strict scrutiny of loan operations of the societies began to be followed.

**Table 3: Growth of the Cooperative Movement
During 1930-1934**

Year		Number of Societies
1930-31	:	93,512
1933-34	:	92,226

1939-46 (Fifth Stage—Period of Recovery)

The Second World War had made a great impact on the trends in the Cooperative Movement and it came as a boon for the agriculturists as it has led to an increase in prices. The repaying capacity of the farmers increased and they were able to clear off their old debts.

**Table 4: Growth of the Cooperative Movement
During 1939-1946**

Year	No. of Societies	Membership
1938-39	122,000	5.4 million
1945-46	172,000	9.2 million

**Main Characteristics of the Cooperative
Movement Before Independence**

Some of the main characteristics of the Movement before independence can be summarised as under:

- (1) Official sponsorship of the Movement

- (2) Largely confined to credit
- (3) Development without much of State aid
- (4) Uneven growth, and
- (5) Unplanned expansion.

Causes for the Slow Growth of the Cooperative Movement Before Independence

Given below are some of the reasons which slowed down the growth of the Movement:

- (1) Lack of knowledge of Cooperative Principles
- (2) Lack of careful selection of members
- (3) Lack of effective supervision
- (4) Lack of efficient management
- (5) Lack of education and training
- (6) Lack of Coordination among various cooperatives
- (7) High overdues
- (8) Over-emphasis given to honorary services
- (9) Unlimited liability of the societies
- (10) High rate of interest
- (11) Mismanagement by members of managing committees
- (12) Inadequacy of finances provided
- (13) Illiteracy among the members
- (14) Widespread indebtedness
- (15) Inadequate transport and storage facilities, and
- (16) Dearth of regulated market.

II Post-Independence Era

After the attainment of independence in 1947, the nation adopted a policy of planned economic development for establishing an integrated and just society providing individual liberty, equality of opportunity and a basic economic minimum for all. In this context, Cooperation was considered "as an effective and important instrument for achieving the objectives of Economic Planning".

First Five-Year Plan (1950-51 to 1955-56)

During the first Five Year-Plan, the Cooperative Movement showed an increasing trend which can be seen from Table-5.

**Table 5 : Growth of the Cooperative Movement
During 1950-56**

Year	No. of Societies	Membership
1950-51	115,462	5.2 million
1955-56	159,939	7.8 million

The First Five-Year Plan itself stated, "as it is the purpose of the Plan to change the economy of the country from an individualistic to social and cooperative basis, its success would be judged, among other things, by the extent to which it is implemented through cooperative organisations."

All-India Rural Credit Survey Committee's Report

The said Committee was set up in the year 1951 and it made its report in the year 1954. The Committee felt that with the introduction of 50 years of Cooperative Movements in India, cooperative credit sector was able to supply only 31% of the total credit needs of the farmers. The private money-lenders were holding the reigns of the credit needs and were supplying 70% or more of the total requirements.

On the basis of the survey conducted by the committee, it had observed and stated categorically that "*cooperation has failed but it must succeed*". The committee made the following recommendations:

- (1) Short-term and medium-term operation fund
- (2) State partnership
- (3) Linking of credit with marketing
- (4) Establishment of State Bank of India
- (5) Cooperative training
- (6) Reorganisation of large-size societies
- (7) Effective supervision and audit

Second Five-Year Plan (1956-57 to 1960-61)

The 2nd Five-Year Plan set before itself the broad objective "of evolving a socialistic pattern of society". The Plan assigned an important role to the Cooperative Movement and emphasised that the building up of a cooperative sector, as part of the scheme of planned development, was one of the central aims

of national policy. The cooperative plans for the Second Plan were largely formulated on the basis of the recommendations of the All-India Rural Credit Survey Committee.

Table 6: Progress of the Cooperative Movement During 1956-1961

Year	No. of Societies	Membership
1955-56	240,000	17.6 million
1960-61	332,000	34.2 million

National Cooperative Policy Resolution (1958)

Policy regarding Cooperative Movement was discussed in detail by the National Development Council in 1958 and recommended radical reforms in the patterns of organisation of societies at village level. According to the resolution, the policy of organising large-sized societies was given up and the scheme of service cooperatives organised on the basis of village community as a primary unit with the objective of helping the members to increase their agricultural production was introduced. The need for strengthening the programme of linking credit with marketing was also emphasised. The responsibility and "initiative for social and economic development at the village level should be placed fully on the village cooperatives" and village panchayats². During the Plan, a number of committees and working groups reported on the working of various aspects of the Cooperative Movement and made important recommendations for its further development.

Third Five-Year Plan (1961-62 to 1965-66)

During this Plan also, the Cooperative Movement was given a crucial role in implementing the schemes of economic development and the "main emphasis was laid on diversification of cooperative activity". The Plan further observed, "A rapidly growing cooperative sector with special emphasis on the needs of the peasants, the workers and the consumer become a vital factor for expansion of employment opportunity and for rapid economic development". Cooperation was also regarded as one of principal means for bringing about changes of a fundamental nature within the economy.

The Government of India constituted many working groups and committees to examine carefully the various aspects of the Cooperative Movement and to suggest ways and means to strengthen the same. A few of them were:

- (1) Working group on Panchayats and Cooperatives
- (2) Working group on Industrial Cooperatives
- (3) Committee on Consumer Cooperatives
- (4) Study team on Cooperative Training and Education
- (5) Committee on Cooperative Administration
- (6) Committee on Cooperative Marketing
- (7) Committee on Cooperation
- (8) Committee on Taccavi Loans and Cooperative Credit

Fourth Five-Year Plan (1969-70 to 1973-74)

Based on the concept of growth with stability and social justice, the Fourth Plan outlined the approach to cooperative development in these words, "It will be a part of the policy during the Fourth Plan to ensure that the opportunity before cooperatives should be as large and varied as they can utilise" Agricultural cooperatives and consumer cooperatives will occupy a central position in the strategy of cooperative development. Growth in agriculture is largely dependent on intensive agriculture and this involves a substantial increase in credit, inputs and services. The aim will be to ensure that the services which the farmer requires are institutionalised to the greatest extent possible. The government, on its part, will endeavour to assist the cooperatives to equip themselves for the task in important aspects such as finance, organisation and trained personnel.

Cooperative Training and Education

During this Plan, the "programme of cooperative training and education was intensified and increasingly linked up with the cooperative activities envisaged". The Vaikunth Mehta National Institute of Cooperative Management (VMNICM) was further developed as an apex institute of study and research in Cooperation. The Cooperative Training Colleges for intermediate personnel and Cooperative Training Centres for junior personnel were adequately equipped for training the requisite personnel.

There is a need for continuing to stress the "the role of a well-informed and enlightened membership in the promotion and working of cooperative societies". Efforts are made during the

Plan to ensure that the member education programme for village cooperatives is suitably supported and supervised by all concerned.

All-India Rural Credit Review Committee

The said Committee was appointed by the Reserve Bank of India³ to review the supply of rural credit in the context of Fourth Plan in general, and intensive agricultural programme in particular. The Committee made several important recommendations e.g.:

- (1) Re-organisation of rural credit in the RBI involving the establishment of an Agricultural Credit Board.
- (2) Need for viable primary cooperative.
- (3) Setting up of SDFA, MFAL, IADP Agencies.
- (4) Creation of the Rural Electrification Corporation.
- (5) To provide active and big role for the Agricultural Refinance Corporation.
- (6) To ensure timely and adequate flow of credit for agriculture through cooperative and commercial banks.

Fifth Five-Year Plan (1974-75 to 1977-78)

During this Plan also, the cooperatives were recognised as an important institutional framework to ameliorate the conditions of weaker sections, particularly in providing inputs and working as an important limb of national public distribution system.

Till the completion of Fifth Plan, the national policy on the development of Cooperative Movement was governed by the policy resolution of 1958 adopted by the Government of India. This policy resolution was reviewed by the Government of India in 1977 in the context of political, social and economic changes that had taken place by that time. With the result a new National Cooperative Policy Resolution (1977) was adopted by the Government with the following main features:

- (1) As a "Shield for the Weak".
- (2) Development of a strong and viable integrated cooperative system for rural development.
- (3) Development of Consumer Cooperative Movement to strengthen public distribution system.
- (4) Cooperatives to be built up as one of the major instruments

of decentralised labour-intensive and rural-oriented economic development.

- (5) Development of Cooperation as an autonomous and self-reliant Movement free from outside interference and excessive control as also from politics.
- (6) Development of cooperatives based on enlightened participation of broad membership, free from domination of vested interests.
- (7) Development of professional management for cooperatives.

Sixth Five-Year Plan (1980-81 to 1984-85)

The main objective of cooperative development in this Plan were stated as under:

- (1) Strengthening of primary cooperatives so as to act as multipurpose units catering to diverse needs of their members.
- (2) Development of professional manpower.
- (3) Re-examination of the existing cooperative policies and procedures with a view to ensure that the efforts of the cooperatives are more systematically directed towards improving the economic conditions of the rural poor.

Present Position of the Cooperative Movement in India

In India, the Cooperative Movement has gradually become a very important sector of Indian economy. In term of institutionalisation, membership and operations, it does not have its parallel in the world. There are nearly 350,000 cooperative societies with a membership of almost 150 million persons. The working capital invested in the Movement amounts to approximately 48 Billion Rupees. Organisational structure is comprehensive and well-knit linking the grass root level with the national level of various economic activities. Its federal organisational structure consists of 340,000 grassroot level primaries, 1,700 central societies, 208 state level cooperatives and 22 national cooperative organisations.

Seventh Five-Year Plan (1985-86 to 1990-91) and the Cooperative Movement

From the recent discussion it is evident that the approach to

cooperative development has to undergo a change and not merely to hold on to targets and state assistance to cooperatives. The broad objectives of the Seventh Plan period are hinged on to (a) increase in food production, (b) increase in employment opportunities, and (c) to increase in productivity. This naturally points out to a different direction which the Movement has to take. This would mean a greater diversification and consolidation of efforts of the Movement.

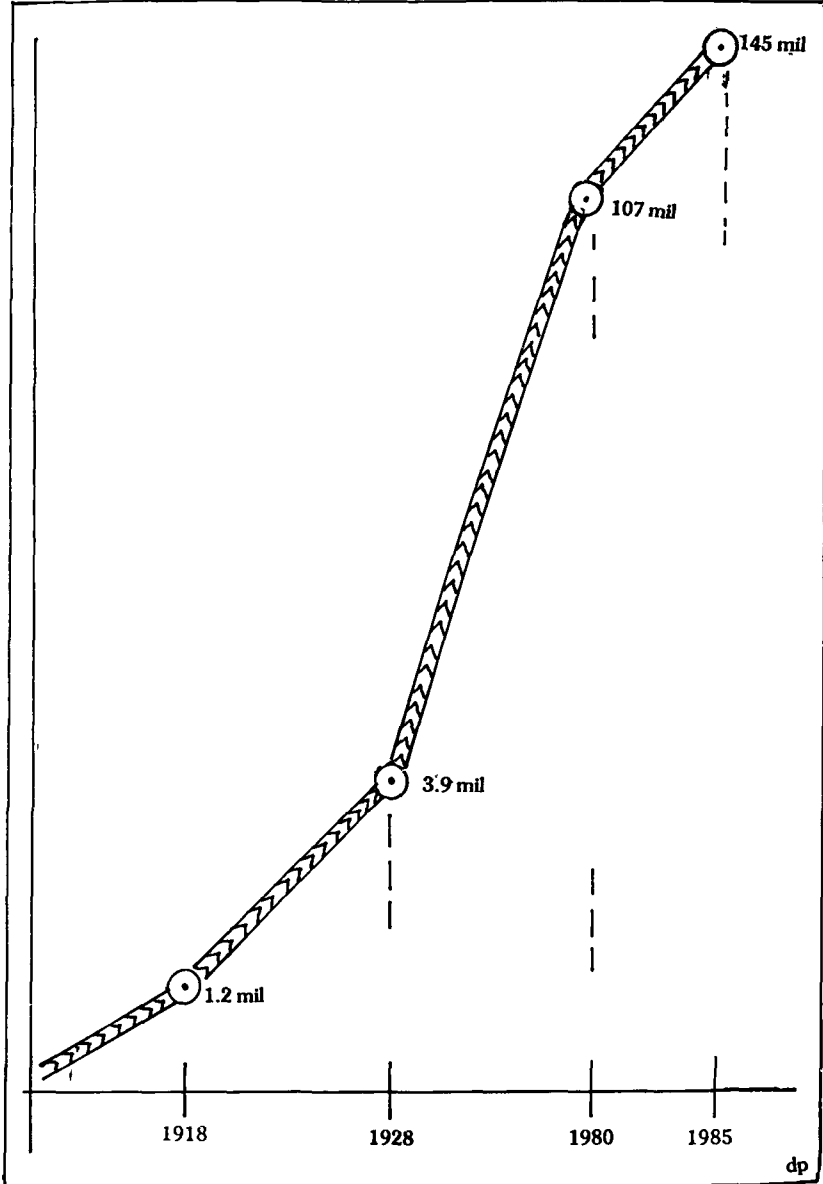
Some of the major tasks identified for the Cooperative Movement during the seventh Five-Year Plan include: providing more irrigation facilities through cooperatives; credit institutions to provide more loans for irrigation, warehousing and processing sectors; reorganisation of cooperative approaches and policies at the village level; involvement of cooperatives in population and employment sectors; special attention to weaker sections by cooperatives in areas like literacy, income-generating activities, rural industry etc.; cooperative involvement in agricultural production to be increased; entering into manufacturing and processing activities; development of management skills and professional efficiencies; and greater involvement of cooperatives in member education to *operate cooperatives on democratic lines.*

Growth Pattern

Referring back to the previous paragraphs it becomes clear that the rate of growth in membership, FIGURE-IV, and number of cooperatives has been steady. However, a closer look at the growth of the two would reveal that the membership has not grown so fast as the number of cooperatives have been. Some of the reasons are: continued domination of middleman and private money lender at the village level; lack of understanding among the general public about the benefits that one could get by being a member of a cooperative; the character and operational style of cooperatives as being the agents of the governments in providing credit and essential commodities; and ineffectiveness of ideological structure in educating the general membership. The growth rate in membership between the year 1928 and 1980 has been rather phenomenal. This could be attributed to the compulsions on individuals to get into the fold of the cooperative to take advantage of rationing procedures and supply of essential items through the cooperatives during the years of economic depressions e.g., the 2nd World War, problems relating to the division of the country, and after Independence in 1947

FIGURE-IV

**GROWTH IN THE MEMBERSHIP OF COOPERATIVE SOCIETIES
(CREDIT AND NON-CREDIT) IN INDIA DURING
1918-1985**



relating to the planned approach to the development of cooperatives and education and awareness among the members of general public.

FIGURE-V illustrates the growth rate in the number of cooperative societies during the years 1918-1985. It may be noted that the depression in the bar relating to the year 1950 is due to the division of the country in 1947. The trend in growth has later picked up again as can be seen from the 1960 bar, mainly due to the efforts of the government which started a planned approach to development of all sectors of Indian economy through the Five-Year Plans. The incentives provided by the government through the process of participation in cooperative business gave a tremendous boost to the growth of cooperative institutions and membership in the country.

As to the concept of participation of State in cooperative affairs, a plenty of money has been made available by the government by way of loans, subsidies and investments. FIGURE-VI depicts the extent of State participation in cooperatives. Special features of government investments are that cooperatives have been encouraged to branch out into special agro-industrial production ventures e.g., marketing of agricultural produce activities, fertilisers production and distribution activities, production of petroleum-based items, consumer production and distribution activities, heavy electrical items, fishery industry and sugar production activities. Subsidies have been extended in order to strengthen management capabilities including training and development programmes etc. Since 1962-63 the NCDC has provided assistance to the Cooperative Movement to the tune of Rs. 11,131.80 million until the year 1986-87. This assistance has naturally not only developed the Cooperative Movement in size but also helped it to diversify its activities. The number of cooperatives have increased and with that there has been a steady growth in cooperative membership. The growth in number as well as in membership naturally calls for a better management and a better sense of participation of members in the affairs of their cooperatives.

The intentions of the government to participate in cooperative business were and are honest. A lot of money has been pumped into the cooperative business which has, happily resulted into a great diversification of cooperative activity. New business lines became operational within the cooperative sectors and new services started flowing to the Indian farmers and consumers.

FIGURE-V

GROWTH IN THE NUMBER OF COOPERATIVE SOCIETIES
(CREDIT AND NON-CREDIT) IN INDIA DURING 1918-1985

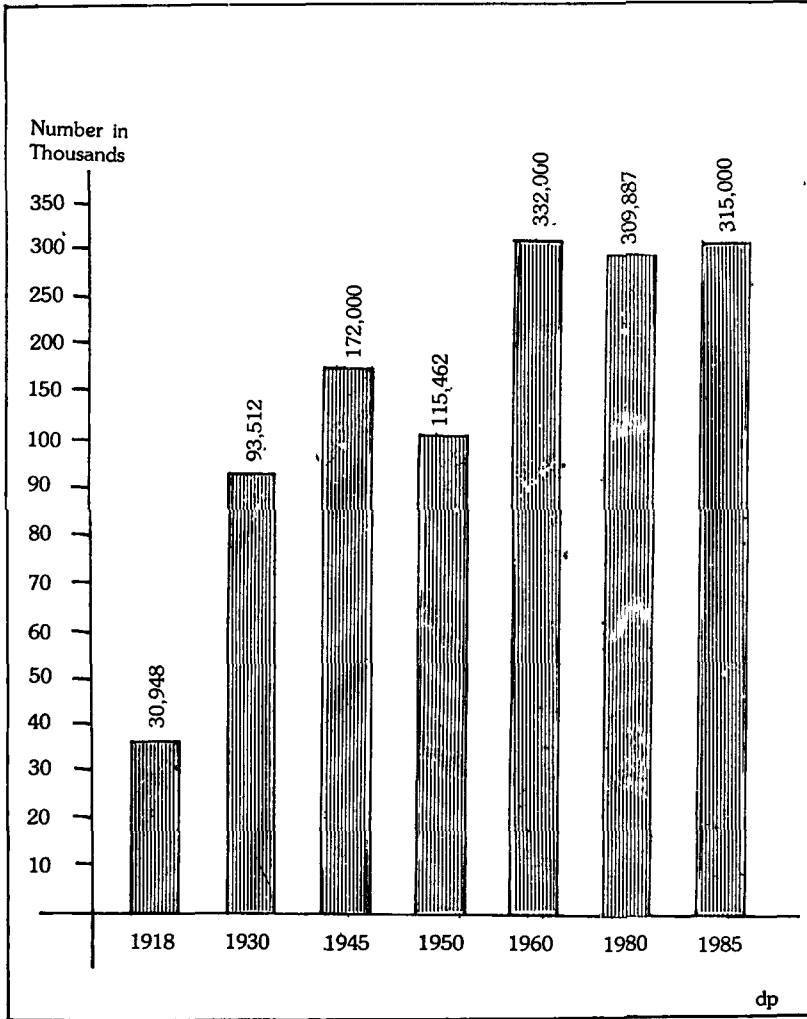
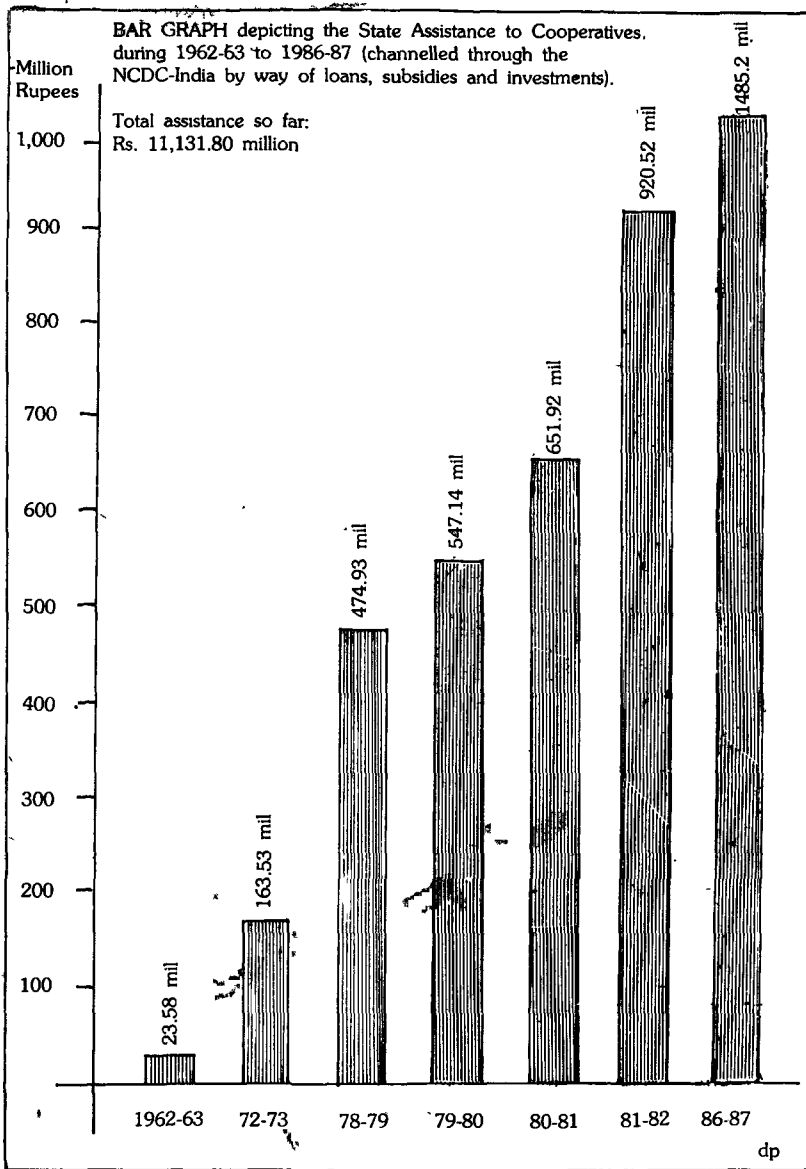


FIGURE-VI



Source: Annual Reports of the NCDC, New Delhi

This is the positive aspect of State partnership in Cooperative Sector. Another aspect, a negative one, has been the damage to the fabric of the Cooperative Movement. The State partnership brought along with it certain uncooperative evils e.g., supersession of elected boards of cooperative institutions, nomination of government officials on the management, drastic and negative changes in cooperative laws and rules, a total disregard for Cooperative Principles and damaging the democratic health of cooperative institutions. The state partnership has also politicalised the Movement to a certain extent. Because of the entry in the Movement of those who had nothing to do with the Movement contributed also to the erosion of ethical values which were so well established and adopted by the old guards of the Movement. These negative effects appeared because the supreme power of the general body got transferred into the hands of the representatives of the State. This aspects and its influence on the growth of the Cooperative Movement will be discussed later.

Table-7, given below, illustrates the changes in the All-India Averages of the Cooperative Movement.

Table 7: Cooperative Movement— All India Averages⁴

Particulars	1978-79	1979-80
Membership per society (Number)	549	580
Working capital per society (Rs.)	322,885	378,132
Share capital per society (Rs.)	48,697	54,932
Share capital per member (Rs.)	89	95
Deposit per society (Rs.)	22,591	26,379
Deposit per member (Rs.)	41	46

According to the 1981-82 figures, the per capita income in India was Rs.719. The aggregate working capital of cooperative institutions in India during 1985-86 was nearly Rs. 48.6 billion.

Growth and Diversification

As a result of the emphasis given in the Plans on Cooperation as a means of achieving socio-economic transformation, there

has been considerable diversification in the operations of cooperatives during the last two decades. Cooperatives now operate a network of banking institutions, marketing and processing societies, consumers stores and other types of societies like dairy societies, poultry societies etc. Their performance in terms of turnover has also been very impressive.

Over a period of time, the Movement has not only grown in size, but also diversified its activities in various other fields besides agricultural credit. Some of the important fields in which the Indian Movement is currently active include: agricultural production and processing, fertilisers production and distribution, milk production, sugar production, oilseed production and processing etc.

A number of national federations of specialised sectors have emerged and trade is being carried on with parties outside the Indian shores earning valuable foreign exchange.

REFERENCES

- (1) Mahajans - The trading and money-lending community.
- (2) Village Panchayats are the local self-government bodies operated at the village level, a traditional rural institution.
- (3) The Reserve Bank of India is the Central Bank of the country.
- (4) Statistical statements relating to the Cooperative Movement of India 1979-80, Part I & II. National Bank for Agriculture and Rural Development, Bombay.

VIII STRUCTURE OF THE COOPERATIVE MOVEMENT IN INDIA

The 3-Tier Structure

The Cooperative Movement in India has a 3-tier structure. At the village level, there are agricultural primary cooperative societies (a primary society is one whose membership consists of individuals only). Similarly, there are primary societies in urban areas formed by consumers, artisans and workers, taxi and auto-operators, urban credit unions (banks), housing, poultry, dairy, fishermen, plantation workers, employees' thrift and credit societies etc.

The primary societies federate into the District level societies, which, in turn, form the State-level cooperative societies/federations. At the state level, there are, cooperative banks, land development banks, agricultural marketing federations, industrial federations, specialised commodities marketing federations, milk supply unions, fishermen societies' federations, housing federations, cooperative sugar federations, spinning mills' federations etc.

National level cooperative federations have also eventually emerged in many sectors like agricultural marketing, industrial, housing, consumers, sugar production, dairy, fertilisers, cooperative banking, land development, spinning mills, handloom, textiles, etc. These play primarily promotional and coordinating roles. These national federations also undertake, on their own as well as on behalf of their affiliates, business contacts with other business organisations in India and abroad.

There are also State Cooperative Unions which undertake activities like education and training, publicity, propaganda and coordination of activities of various sectors. The Unions also act as spokesman of the Cooperative Movement. Another very important function of the Unions is to act as liaison between the Government and the Cooperative Movement. The National

Cooperative Union of India is the apex body of the Cooperative Movement in the country and all state and national level cooperative institutions are affiliated to the NCUI, (FIGURE-VII). Thus, there exists a well-knit vertical and horizontal relationship between cooperatives at all levels.

Ideological Structure and Business Structure

The illustration explains that on the left side there is an ideological structure which looks after promotional, educational, developmental and policy planning work. Primary cooperatives federate themselves into district cooperative unions and they, in turn, get affiliated to the state cooperative unions. The State Unions are the affiliates of the National Cooperative Union of India. The NCUI is thus an apex body of the Indian Cooperative Movement. It does not engage itself into any cooperative business. This structure represents the Movement at an ideological level and acts as a spokesman of the Movement, representing the Movement at national and international platforms.

The other side of the structure is the business structure of the Movement. Business federations, at all levels, get into the membership of the ideological structure as well. All national business federations are the affiliates of the National Cooperative Union of India, and they are also the members of the International Cooperative Alliance (ICA). Each sector has its own full-fledged structure and is completely free and independent of the NCUI.

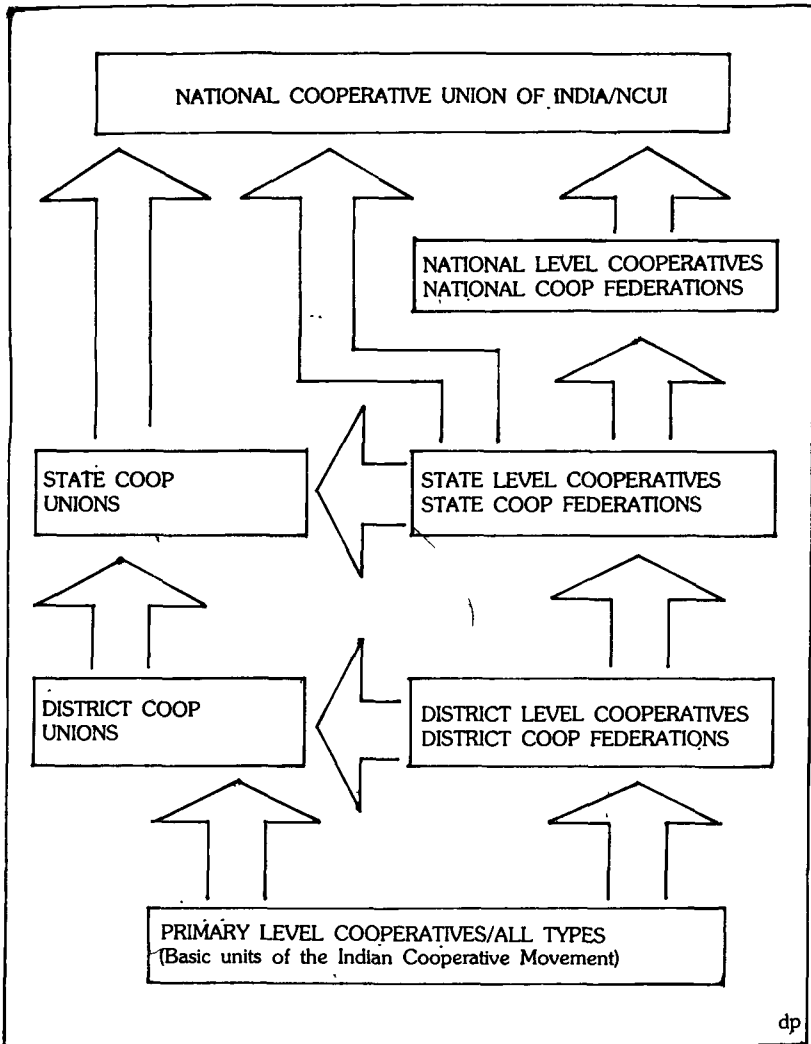
Government Cooperative Structure

The subject of Cooperation, as has been mentioned elsewhere earlier, is a State subject according to the Constitution of India. The Government of India does not make cooperative laws for all the States in the country. The Central Ministry of Cooperation (a part of the Ministry of Agriculture, at present) only prepares guidelines and holds periodic consultations with the State Governments. The Central Government, however, has a Cooperative Commissioner or a Central Registrar whose main task is to register and look after the large-size multi-unit cooperatives having an area of operation of more than one State. The Ministry and its Department of Cooperation maintains a close liaison with the National Cooperative Union of India at the national level.

It is, however, the policy of the Central Government to promote the Movement in all possible ways. For this purpose a

FIGURE-VII

**ORGANISATIONAL STRUCTURE OF THE INDIAN
COOPERATIVE MOVEMENT WITH SPECIAL REFERENCE
TO THE NATIONAL COOPERATIVE UNION OF INDIA**



special organisation, the National Cooperative Development Corporation (NCDC), has been constituted by the Government of India.

Established under an Act of Parliament in 1962, the main functions of the NCDC¹ include, among others, to plan and promote programmes through cooperative societies for (i) the production, processing, marketing, storage, export and import of agricultural produce, foodstuffs, poultry feed; (ii) the collection, processing, marketing, storage and export of minor forest produce. For discharging the above functions, the NCDC is empowered to (a) advance loans and subsidies to State Governments for financing cooperative societies and employment of staff; (b) provide funds for financing cooperative societies for the purchase of agricultural produce, and other commodities on behalf of the Central Government; (c) plan and promote programmes for supply of seeds, manures, fertilisers, agricultural implements for the development of agricultural produce; (d) provide loans and grants to national level cooperative societies having objects extending beyond one state; and (e) participate in the share capital of national level cooperative societies.

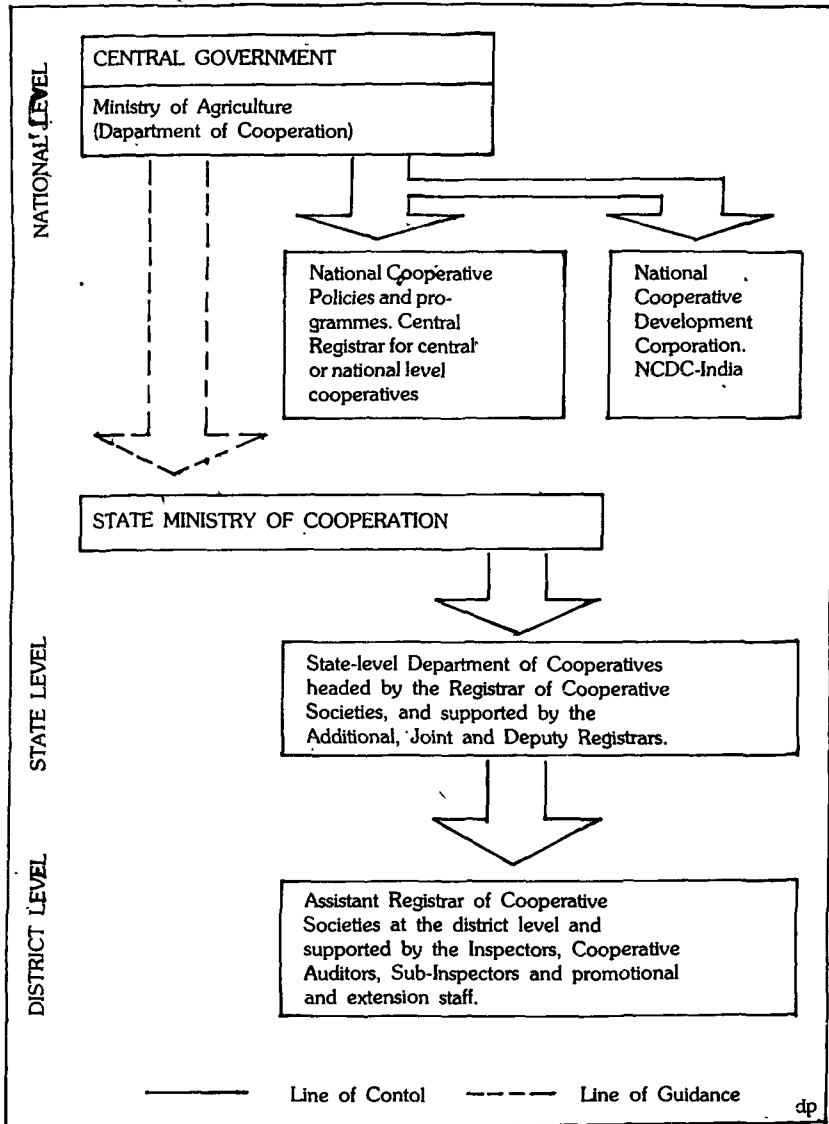
As can be seen from FIGURE-VIII, there is a proper structure of the government cooperative department right from the national level to the district level. The State governments are empowered to make laws on cooperative subject. The Registrar of Cooperative Societies is at the top of the state cooperative structure. He functions under the State Ministry of Cooperation. He has a full department which covers all the districts and primary cooperatives in the State. He registers all cooperatives, conducts the audit, undertakes supervision and offers guidance. In the line down there are additional, joint and deputy registrars at the state or divisional levels and assistant registrars at the district level who are supported by inspectors, sub-inspectors and auditors etc. All primaries, as could be seen from this structure, are directly covered by the assistant registrar through his subordinate staff.

REFERENCE

- (1) NCDC Annual Reports 1981-81 and 1986-87, National Cooperative Development Corporation of India, New Delhi.

FIGURE-VIII

ORGANISATIONAL STRUCTURE OF THE GOVERNMENT
COOPERATIVE DEPARTMENT: NATIONAL STATE AND
DISTRICTS LEVELS



IX NEED FOR EMPHASIS ON EDUCATION IN MANAGEMENT

The large and significant spurt in the activities of cooperatives in recent years has brought to the fore problems of management. Cooperatives are essentially business organisations and have to compete successfully with similar business in the private sector. To emerge as successful economic institutions, the cooperatives need to adopt modern methods and techniques of management because the image and utility of the cooperative sector to the community will be judged not by precepts, but by their performance and the efficiency of their operations. Enlightened membership who fully understand the Cooperative Principles and their own responsibility to the society and to the community at large is, therefore, a pre-requisite for efficient management of societies.

Multi-Dimensional Growth

With the multi-dimensional growth of the cooperative sector, and the increased services that it has to provide to cooperatives and cooperators, it has become necessary to expand the scope of institutions. This resulted into an increase in cooperative employees within the cooperative institutions. The government, also keeping in view the phenomenal growth of cooperative institutions, had to step up its own supervisory and guidance activities. A great number of inspectors and auditors had to be employed. Cooperative auditing in India is still, by and large, a government function. In order to provide an effective support to government policies and programmes relating to agricultural extension, agricultural production and distribution of essential commodities, a number of specialised personnel were inducted into the government service. Table-8 indicates that during 1978-79 the total number of government cooperative employees was 65,424 whereas the cooperative institutions employed 1,262,324

Table 8: Table Showing the Employment Situation within the Indian Cooperative Movement (Government and Movement) During the Period 1978-79 and 1979-80

Year	Government Cooperative Employees	Employees of Cooperative Institutions	Number of Cooperative Societies	Total Cooperative Membership
1	2	3	4	5
1978-79	65,424	1,262,324	303,237	101.9 mil
1979-80	71,696	1,398,914	309,887	107.5 mil
1985-86	80,000	1,500,000	315,000	145.1 mil.

Clarifications: Government employees include all types of officials, senior officers, field staff, audit staff and administrative personnel. Cooperative employees include all types of employees of cooperative institutions in the country at all levels including extension and administrative staff.

Source: National Bank for Agriculture and Rural Development, Bombay. Statistics relating to Cooperative Movement in India Part-I and Part-II.

personnel of various types and categories at various levels. The government staff included the Registrars, Deputy Registrars, Inspectors of Cooperative Societies, Auditors and other administrative staff. The cooperative employees included the managing directors, business managers, book-keepers, salesmen and other administrative staff. This group also included the cooperative extension and education staff operating at various levels.

A look at the 1985-86 figures would reveal that this trend is on the increase. The number has increased with the growth in the number of cooperative societies and the cooperative membership. A quick look at the combined figure of cooperative employees (both government as well as cooperative institutions) would suggest that a total of 1,580,000 employees service 315,000 cooperative institutions and 145.1 million individual cooperative members.

A majority of staff deals with economic activities of cooperative institutions. They have to be well-versed in cooperative management techniques including financial and personnel management. They need an exposure not only to the economic management techniques but also need an introduction to cooperative principles and practices. There is a greater need to provide training in management techniques now more than ever before.

The cooperative training structure and the cooperative member education activities do have some systematic arrangements to cater to their needs. The National Cooperative Union of India in collaboration with the Government of India operates a full-fledged cooperative training structure with a national level institute specifically geared to cooperative business management activities.

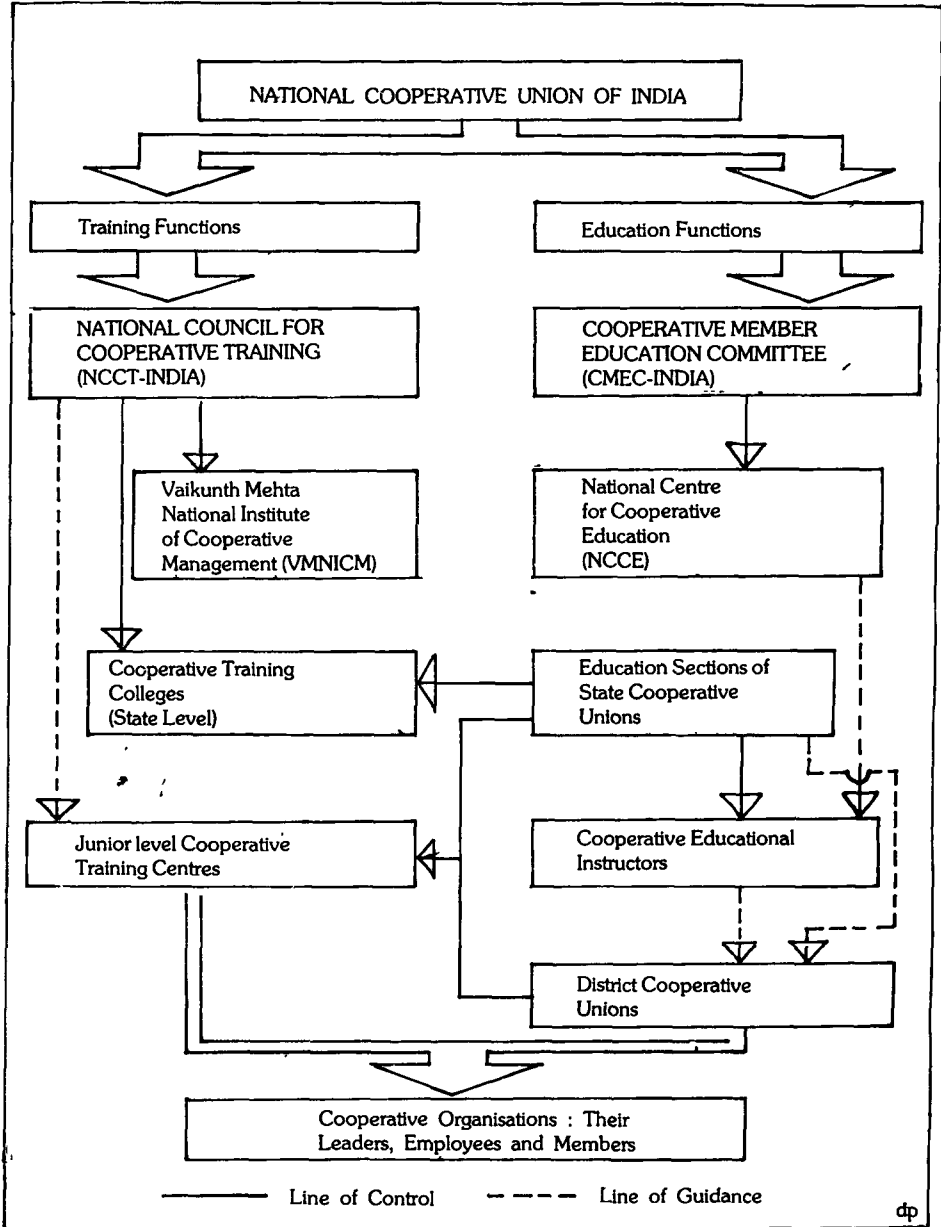
The vast membership of cooperative institutions, nearly 145.1 million of them, are expected to be covered through the cooperative member education activities. It is anybody's guess when and how these members would be covered, since the arrangements and resources available at present are extremely limited.

Education and Training Structure

FIGURE-IX would give an idea as to the existing organisational structure of cooperative training and cooperative member education activities. Under the training function, the NCUI is supposed to provide professional training to cooperative employees (both from the government cooperative departments as well as from cooperative institutions). This is done through a special National Council for Cooperative Training (NCCT). The NCCT operates a National Institute of Cooperative Management, 17 state level cooperative training colleges located at various points throughout all the States in India. In addition, the state cooperative unions, in collaboration with the state governments, also operate 89 junior cooperative training institutes, which also receive some technical guidance from the NCCT and the respective state level cooperative training colleges. The training structure offers various types of courses for various categories of personnel e.g., Diploma in Cooperative Business Management, Certificates in Cooperative Management, Auditing, Book-Keeping etc. The state cooperative unions, which operate the junior level cooperative training centres, cater to the needs of the lower rungs of cooperative employees e.g., cooperative sub-inspectors, society managers, accountants

FIGURE-IX

ORGANISATIONAL STRUCTURE DEPICTING THE EXISTING COOPERATIVE EDUCATION & TRAINING ARRANGEMENTS IN INDIA



and occasionally for cooperative leadership development of primary cooperative institutions.

It has been observed that most of the training courses and *ad-hoc* training activities are generally fully booked leaving behind some waiting lists. The demand of these training institutions, national, state and junior level training centres is very high and it seems that the structure would never be able to satisfy the training-hunger of the Movement in the foreseeable future.

As to the cooperative member education activities, the NCUI operates a cooperative member education programme on its own. The programme is operated mainly through the network of state cooperative unions. Funding for this programme comes from the Central Government as Grant-in-Aid on a tapering basis. The state governments also give similar grants to state cooperative unions. Each state union operates a cooperative education section and it employs cooperative educational instructors to conduct various education activities at the primary level through the district cooperative unions. The district unions do not employ any cooperative educational instructors. These personnel are placed at their disposal by the state cooperative unions. Their number, in relation to the total cooperative membership is hopelessly low. There are at present nearly 900 cooperative educational instructors in the country who are expected to service the 145.1 million strong membership — it works out to roughly 160,000 cooperative members per each instructor. The number of members joining the primary societies every year is certainly more than the persons trained in one year. It is also said that a *repeat visit to a village by an Instructor can be expected only once in his life-time.*

The cooperative educational instructors organise classes in the societies for various categories of persons of duration ranging from 3 days to four weeks. Classes are held for prospective members, members, office-bearers, and directors of district level cooperative institutions. The state unions arrange to provide subject-matter training to instructors and also supervise the actual implementation of the programme through cooperative education officers. Training in educational techniques and methods is provided by the NCUI at its National Centre for Cooperative Education (NCCE).

X THE NEED FOR MEMBER EDUCATION

The cooperative organisation is a voluntary association of persons who come to work together for the promotion of their economic interests on the basis of equality. However, in a cooperative society though an individual enjoys certain privileges he automatically takes upon himself the responsibility of helping other fellow-cooperators and the community as a whole. If the members of the cooperative society do not feel any responsibility towards the members, the institution shall lose its cooperative character and its service potential. At the same time there is an inbuilt mechanism in cooperatives that "if members do not work for the furtherance of the institution as a whole, their own interest also cannot be served". Therefore, it is absolutely necessary that the significance of the time-honoured principle of "each for all" and "all for each" must be fully impressed upon the members. They are also to be trained in techniques of running their cooperatives.

Some Fundamental Requisites

For realising the aforesaid objectives, the fundamental requisites are that (i) the members should be acquainted with the principles and philosophy of Cooperation as well as their role in managing the affairs of their cooperatives; (ii) the committee of management should be responsive to the needs and aspirations of the members of the cooperative society, and (iii) the affairs of the cooperative should be run on democratic lines.

It is also necessary for cooperative leaders to be acquainted with the role of the cooperatives in general economic and social development of the country. Simultaneously they should keep themselves appraised of the latest developments in respect of cooperative policies and programmes, procedures and practices. Another important aspect in the functioning of a cooperative

society is the ability of the leaders (office-bearers of the cooperative societies) to make an objective assessment of the situation and take quick decisions. These decisions have to be taken keeping in view the interests of all those whom such institutions stand to serve. It is, therefore, necessary that the committee members should also be able to communicate effectively, exchange ideas freely and come to a definite conclusion.

It is, therefore, evident that the knowledge of business methods and techniques, efficient management and enlightened leadership, determine this effectiveness and success of democratic cooperative institutions. The persons responsible for running cooperative institutions and managing their affairs have to be assisted to equip themselves with necessary knowledge and skills and develop attitudes necessary for discharging the responsibilities assigned to them.

Early Education Programme

The importance of cooperative education was realised from the very inception of the Movement. As early as 1915, a Committee headed by Sir Edward Maclagan, observed that most of the defects they had found in cooperative societies was due to "lack of teaching both before and after registration". The Committee added:

"A society which has once formally grasped the main principles and acts on its knowledge will be truly cooperative and the fact that it is managed on cooperative lines will constitute the most important factor.....The necessity for at least this degree of cooperative knowledge should never be lost sight of".

Another very striking comment on the importance of education was from the Royal Commission on Agriculture which observed:

"there has been lack of patient and persistent education of members in the principles and meaning of Cooperation by teachers competent to perform the task efficiently under the adequate supervision.....If Cooperation fails there will fail the best hope of rural India".

Although several State Governments expanded their training and educational facilities in the early thirties, the first clear-cut programme for training of secretaries and members of managing committees of agricultural credit and other societies was taken up by the Government of India in 1935 on a scheme drawn up by Sir Malcolm Darling.

Introduction of an All-India Programme of Education

An all-India comprehensive cooperative education programme for the members, committee members as well as the secretaries was; therefore, introduced on a pilot basis in 1956 and countrywide coverage was achieved in 1960. The objects of the programme were:

- (a) creating an understanding in the members of the role and importance of cooperative institutions for social and economic development of the community;
- (b) acquainting the members, managing committee members and office-bearers with operational aspects of management of the societies;
- (c) developing in members and managing committee members an understanding of their rights and obligations;
- (d) fostering the required leadership at the primary level; and
- (e) improving the personalities of the members and employees and help them to realise their potential abilities and to create awareness of the value of the cooperative action.

During 1966-67 the Programme Evaluation Organisation of the Planning Commission undertook an evaluation study of the Member Education Programme. The team, on the one hand, made efforts to highlight the areas of success and, on the other, to pinpoint the weakness and deficiencies noted in the implementation of the programme. As a follow-up of the report of the study team, the NCUI organised four zonal workshops on member education during 1969. These workshops considered the report of the PEO and made vital recommendations on operational, administrative and promotional aspects of the programme.

In the light of the suggestions made from time to time by the various committees, conferences and workshops and the National Cooperative Union of India, the scope and content of the programme was so oriented as to make it a comprehensive scheme of cooperative education.

Scope of the Present Member Education Scheme

The Cooperative Education Programme provides for:

- (a) Education of managing committee members including office-bearers of all types of village level primary cooperatives;

- (b) Education of secretaries and managers of all types of village level primary societies;
- (c) Education of members and members relationship;
- (d) Education of potential members with an emphasis on youth and women;
- (e) Information and Communication; and
- (f) Leadership development.

Regarding the implementation of cooperative member education programme, it would be good to have a look at some of the figures (Table-9). As was mentioned earlier there are nearly 900 cooperative educational instructors to service the 145.1 million members. A look at the table reveals that the number of instructors (also called educational units here) has been shifting. This was mainly due to the fact that in some states the member education programme was discontinued due to certain obvious reasons, mainly political. Each unit can have more than one instructor. These instructors conduct various types of courses for cooperative membership e.g., for secretaries, managers, managing committee members, prospective members of M.C. and members and prospective members. There were 223 unions and institutes which were operating these programmes. These include district cooperative unions and other cooperative institutions. During 1979-80 the number of ordinary members covered under the programmes was 814,782 and potential members were around 223,564.

The four-weeks secretaries' courses, which are fairly expensive, covered nearly 16,406 secretaries and managers and 10,364 prospective MC membes.

Have another look at Table-8, cited earlier, and then imagine the problems which the instructors and district cooperative unions encounter. They are generally short of funds, materials and other resources—and the cooperative instructors are not their own, they are made available to them.

With the growing need for training in management of part-time or full-time paid managers and of those honorary secretaries, who practically work as managers in the absence of any paid person of that category, of primary cooperative societies at the village level it would be desirable to send them for training in management courses conducted by the cooperative training

Table 9: Table Showing the Education and Training of Non-Official Cooperators (Cooperative Movement) During the Period 1978-79 and 1979-80

Number of Edu. Staff Maintained	No. of Edu. Units Working	4- WEEK COURSE		MC MEMBERS COURSE		Ordinary Cooperative Members	Non-Members	Unions/ Institutes
		Secretaries/Managers	Prospective Leaders	Mg. Com. Members	Prospective MC Members			
1	2	3	4	5	6	7	8	9
1978-79								
1,479	705	16,062	9,489	95,546	33,617	505,510	125,073	239
1979-80								
1,202	594	16,406	10,364	135,491	58,782	814,782	223,564	223

Source: The National Bank for Agriculture and Rural Development (NABARD), Bombay, 1979-80 Statistic Relating to the Cooperative Movement: Part-II.

centres. Only in cases where it is not found convenient or possible to take advantage of the training courses in management, special classes for such honorary secretaries and part-time or full-time managers of primary cooperative societies may be organised under this programme.

While formulating the education programme, special features of the development of Cooperative Movement in different states and regions are taken into account so that the contents of the programme may be more realistic and situation and field oriented. Special programmes are also designed and implemented within the overall cooperative education programme for the Scheduled Tribe areas.

XI CONSTRAINTS OF RURAL DEVELOPMENT

The following factors dominate the rural situation in India and together they account for the existence of rural economy, where growth rate is not yet impressive:

- i Comparatively low agricultural productivity by many farmers;
- ii Comparatively low rate capital formation due to low savings and low investments;
- iii Considerable under-employment in agricultural sector;
- iv Limited aptitude of the rural people to take advantage of science and technology;
- v Under-developed state of infra-structure in rural areas;
- vi Population explosion: a very high growth rate due to high birth rate and declining death rate due to various health measures undertaken;
- vii Manpower, which, in terms of numbers, is abundant in rural areas but in its present state of poverty, illiteracy and ill-health is lacking in community consciousness.

Problems Affecting the Growth of Cooperatives

The following impediments, problems and difficulties do tend to affect the development and growth of cooperatives in the Indian situation:

- (a) "The key to educational, as well as economic progress is individual ownership of land". Landlord-tenant relationships prevailing in many states in India prevent the real tillers of the soil from reaping the benefits of the cooperative system;

- (b) Prevalence of ethnic and cultural differences in a single village or groups of villages for which an agricultural primary cooperative is established, does not allow it to progress. These lead to formation of several groups and factions within a single cooperative society;
- (c) On account of "crash" cooperative development noticed in the rural areas in the late fifties and sixties, "many members have become cooperators by accident and not out of their own determined volition". Still many members do not find much distinction between government loan and cooperative credit;
- (d) Existence of moneylenders, who offer a seemingly better alternative by providing timely credit even for odd needs, but exploit the small poor farmers, either by weakening the existing cooperatives or by dominating such cooperatives calandestinely;
- (e) Many rules, regulations and bye-laws, which a common average member finds difficult to comprehend;
- (f) Vast and fast expansion of cooperative system without a corresponding increase in the quantity of supervisors, but with a fall in quality leading to the dilution of cooperative education;
- (g) Lack of coordinated efforts between government departments *inter se* cooperatives at various levels *inter se* and amongst both. This situation arises because a number of agencies are involved in the task of cooperative education, and there is no proper demarkation of their spheres of activities, no clear indication of tasks for each and not much coordination in the organised direction of their efforts. It would be interesting to find that "Cooperative Education" in regard to agricultural primaries in its broad context takes place through the aegis of the following agencies:
 - i Officers and staff of the Cooperative Department;
 - ii Supervisors of the Central Financing Agencies, i.e. District Central Cooperative Banks,
 - iii Extension Officers (Cooperation) with the Community Development or Local Government Agency; and

iv Cooperative Education Instructors of the State/District Cooperation Unions

- (h) There is a tendency found on the part of office-bearers to alienate themselves from the general body, once they are elected. As there is reluctance on the part of the head of rural local councils to call "Gramsabha" meetings (meetings of their voters), there is similar reluctance on the part of cooperative chairman to call general body meetings;
- (i) There is reluctance found in members and political members to undergo even a three-day training course, because of little comprehension of the utility of such training and consequent "low motivation" to receive such a training. It may be added here that a common average member receives an overdose of instructions, admonitions and exhortation from a number of agencies involved in the task of rural development. Some of these are enumerated hereunder:
- i Community development and extension agency;
 - ii Rural local government;
 - iii Adult literacy agencies;
 - iv Family planning agencies and health education programmes;
 - v Cooperative education;
 - vi Social welfare departments;
 - vii Planning departments;
 - viii Small savings; and
 - ix Various autonomus boards and voluntary agencies
- (j) Difficulties do arise in communicating ideas to illiterate and simple cultivator-members through written words. Even cooperative education instructors with urban background often find it difficult to exchange ideas with simple rural folks;
- (k) Sometimes the selection of right type of media is not there and, of course, there is lack of modern media facilities like television, wire communication, radio and the like.

Analysis of the existing fields situation is necessary before suggesting any solutions. In substantiation of this a quotation from ICA/UNESCO International Conference of Cooperative Education Leaders is reproduced as under;

“Education, if it is to make its proper contribution to development, cannot ignore these difficulties. Rather must it take them into account in framing programmes, plans and methods, as well as in budgeting expenditure”

The late Prof. D.G. Karve in his speech at the inaugural session of the 5th Indian Cooperative Congress, on 2nd December 1967, rightly remarked as under:

“It does not matter whether a member of a cooperative pays his own subscription or not....But, one thing that a body can give a member on loan is the understanding and appreciation of, and devotion to the Cooperative Principles”

Scope for Improvement

Having analysed the social and economic context, the need for cooperative education and the gaps and impediments prevailing in the way of cooperative education, one may like to make certain broad observations and suggestions for making the cooperative member education with special reference to agricultural primaries more realistic and fruitful:

- i Looking to the enormous size of the problem that India is facing in the field of member education, it would be impossible to undertake any sizeable or significant programme without substantial internal or external assistance. This may be in the form of technical knowhow, teaching techniques, etc. The same holds good in respect of liberal assistance from Governments, as well as from higher level cooperative institutions, Indeed if Cooperation has to survive, higher level cooperatives must give a lead in this direction;
- ii The crux of the problem lies in motivating the members to learn. A class of three days' duration with a passive audience would lead to only waste of efforts. Identification of self-help groups, identification of the functional leader and creation of a will-to-learn amongst the members and potential members are pre-requisites to the organisation of any real member education programme;

- iii Cooperative education should not be taken as a mere programme, but should be considered as a process of changing the traditional orthodox, custom-bound village community to a modern, progressive, scientific community. Orientation is the essence of such education. Cooperative education is difficult to become a mass movement, but it should act as method of transforming the outlook and attitudes of the local peasantry. It should use extension and community mobilisation as its main tools;
- iv Coordinated efforts amongst field agencies engaged in the task of rural reconstruction and development in general are as much necessary as such efforts to share the "know-how" existing in various training centres in the field of cooperative education. Personnel engaged in cooperative member education should be in continuous touch with agricultural extension agencies, health and family planning workers, rural local councils, adult literacy teachers, and the like, so that multiplier effect could be achieved by combining and dovetailing mutual efforts;
- v If work of member education could be divided amongst the several field agencies engaged in this sphere, better results are bound to follow. If the areas of a district are territorially divided into various sectors and role of member education entrusted to each of the following categories individually, a large coverage could indeed be achieved:
 - (a) Cooperative Education Instructors;
 - (b) Extension Officers (Cooperation);
 - (c) Departmental Cooperative Officers;
 - (d) Supervisors of the District Central Cooperative Banks;
 - (e) Village level workers;
 - (f) Leaders and managers of district level federal cooperatives.
- vi Membership education should be designed with a functional education approach, for which evidently all the above categories (a) to (f) should be appropriately trained. Training of trainers should, therefore, precede in a planned and phased manner. But it should be borne in mind that such training should not be very sophisticated, as member education does not aspire to achieve any tall goals. In

this context the ICA Commission on Cooperative Principles observed that:

“Without drawing hard and fast lines, it may be said that the education of the members forms part of adult education and is carried on to-day in a decentralised manner by methods of discussion and various kinds of group work.....”

In other words, the better alternative lies in frequent contacts by the same single functionary with the same local members from time to time rather than an elaborate and scientific meeting between a specialist trainer and member once in life-time.

- vii The strategy for attracting potential members to the cooperative fold should be via the established channels of community development, national extension, local government, and other agencies like the Small Farmers' Development Agency, and the Marginal Farmers' and Agricultural Labourers' Agency;
- viii One would even be tempted to make a facile suggestion of combining the agencies of cooperative education and of agricultural extension, as has been the case in Japan. The best agency to undertake cooperative education would be central financing agency i.e., the District Central Cooperative Banks, to whom the cooperative extension inspectors of the district cooperative union and extension officers of the rural local government may be transferred, so that complete integration in the sphere of cooperative education could be achieved. If such a situation is secured, farm guidance activities would be the legitimate duty of cooperatives;
- ix Methods of training would also have to change from lectures to group discussions, skits, role play, demonstrations and field visits. Radio and films could also play a very important part in the sphere of member education. Again, instead of insisting on a full 3-day class for members, it would perhaps be wise to be present and exchange views with members, when they come to attend annual general meetings or to receive loans for a particular season on the date of disbursement. Again it might prove useful to categorise the various groups the trainer is dealing with, so that appropriate methods could be chosen to meet the requirements of each individual group. This

opportunity may be effectively used to impress upon the members to take an active part in the democratic aspects of running a cooperative business. They should be encouraged to participate more effectively in the performance of their cooperative — social, economic and democratic.

XII EDUCATION FOR DEMOCRACY

Education: A Social Need

Education, in its broader term, means imparting of knowledge, information and making an individual aware of his status and position in the society. Education enables an individual to arrive at logical conclusions. Education means enabling an individual to chalk out his own plan of action for his social and economic well-being. Education enables an individual to protect himself from exploitation and to help him move away from orthodox beliefs and superstitions. It opens up for him a new vista of deductions, analysis and logical reasoning. It sharpens his intellect and powers of understanding others. This also enables him to give proper consideration and respect to other's points of views and to keep him away from unnecessary illogical conflicts. Knowledge and information makes the man perfect and reasonable. He then works for others. Individual gains become secondary. Of course, education does not put the man outside the normal human behaviour patterns and does not take him away from a normal life style. Education makes the man a perfect citizen with personal beliefs and a deep understanding of the norms and etiquettes of society.

Education does not necessarily mean a mere understanding and appreciation of literature or humour. It is an input for a social change. The concept of social change involves the transformation of society from traditionalism to modernism, from backward looking to forward looking, and from apathetic ignorance to an active enlightenment. In other words, social changes bring about new awakening in the masses with regard to their rights, duties and responsibilities towards the society in which they live. Inherently there is induction of value systems in the lives of the citizens of the country whenever social changes take place through the educational process. On the whole, the very lives of the people and the nation becomes galvanised towards progressivism in every sphere that concerns the society.

Education: A Liberating Force

Education is a liberating force cutting across the barriers of caste and class, smoothening out inequalities imposed by birth and other circumstances. Also, education is not a converse with the past, it is an assignation with the future. As such, planned social change through education serves as the major instrument for bringing about national development. This idea has been sought to be applied in the Indian village community by experimenting it at the grass-root level. Although the village people live under serious constraints of literacy, social and economic handicrafts, they are the real motivating force behind the success or failure of programmes concerning social change. In the Indian context, this is more true for the reason that more than 80% of our population lives in villages, and only 36% of the population is literate.

‘Knowledge is power’ said Francis Bacon in 1598, in his Religious Meditations. It has become a slogan and like many slogans, it contains some truth. However, power is, of course, not an ‘automatic consequence of knowledge’. It becomes a reality only when a person chooses to exploit his knowledge for purposes of power.

William King, the British Cooperator, was thinking along the same lines but added something that was needed by the cooperatives: Unity. He said in 1828: “Knowledge and unity is power – power based on knowledge is happiness”.

The question from where we get our knowledge has always occupied the minds of the philosophers. Today we recognise two basic sources, i.e. we learn (i) through experience, and (ii) through thinking and reasoning.

When we speak of cooperative knowledge, we normally think of two types of knowledge, i.e., professional knowledge and general knowledge. “Professional knowledge” means specialised knowledge required by the various groups of employees in the cooperatives and “general knowledge” refers to knowledge of the principles and practices of Cooperation. Knowledge has two objectives: (i) to improve cooperative business, and (ii) to educate and reform people, to make them better suit the new society the cooperators dreamed of creating.

Why Education?

Education is a basic necessity for a peaceful coexistence in a community. Education brings in togetherness, integration and unity. It is a means to working together, powerfully. Education is needed:

1. To develop self-respect, self-confidence—for individuals and the community;
2. To develop capacity to analyse and understand individuals and community problems, environment and evolve alternatives;
3. To understand value system and develop capacity to judge good and evil for self, family and community;
4. To develop decision-making capabilities;
5. To understand ill-effects of superstitions, prejudices and help in developing a broader perspective to problems;
6. To be able to express their feelings and opinions—orally and in writing;
7. To be able to read and write letters, newspapers, names of medicines, loan applications, etc. and encourage children and neighbours for education;
8. To be able to avoid exploitation of all forms and maintain own accounts and other information;
9. Encourages and motivates people which enhance mutual cooperation and understanding between individuals and within community and their help in reduction of tension and conflict;
10. Develops knowledge, skill and productivity;
11. Develops leadership qualities and organisational capacity, which is so very essential for developing social, economic, and political awareness; and
12. Develops sense of responsibility and accountability which helps in developing self-reliance.

Classification of Education

Education consists of two principal segments. First formal/general education, and secondly, non-formal/adult education. General

education or formal education has a terminal objective i.e. acquiring certificates, diplomas and degrees, etc. to achieve technical and professional knowledge. Non-formal or adult education mainly aims at improving the efficiency and performance of an individual. In the context of this study our emphasis will be on non-formal or adult education. We are discussing this in the context of membership of cooperatives with the principal aim that the members are able to have a better appreciation of their own institution and of their own status in that institution so that they are able to operate their institution—cooperative, in a professional and democratic manner for their own benefit and ultimately for the benefit of the community.

In the “Western countries, Cooperative Movement arose from below and it were the aspirations of the people themselves which found expression in their cooperative organisations. While discussing the development of the Movement in India, the fact remains that the Movement has not generally appealed to popular sentiments. It would be a misnomer even to call Cooperation in India as Movement. The word Movement represents something dynamic – an institution whose watchword is action and which, by its movement and popularity, catches on like fire. In India, the Movement has always lacked the spark from within. The idea has been like an ignitor, trying to lit up the damp fuel wood - illiterate people - in a wet and windy atmosphere of opposing forces”.¹

Adult Education

In an inclusive term which, as it is currently employed, embraces within its meaning the following varieties of activities continuation education, corrective education, functional group education, and folk schools or people’s colleges. “Adults seek intellectual growth because they believe in its effectiveness to endow them with greater power, with increased facilities for expressing themselves as personalities, with larger freedom, they wish to create, to appreciate, they desire to become better specialists or to reach beyond their specialisations”.²

Conception of adult education involved not simply teaching by object lesson but having the farmer himself make the demonstration rather than merely witness it. An attempt to coordinate extension work in production, distribution, farm management and ways of living.

The education of an adult may be said to be the result of all of his experiences, since any act, can theoretically at least, have an influence on the reinforcement or change of his ability to know, to do, or to feel.

The growth of adult educational activities may be attributed to numerous factors. It has come to be 'generally realised that many social problems can be solved only, by the education of those who are already mature'. Certain basic social trends have also had powerful influence on the growth of adult education.

Non-formal education is functional in character and relevant to the value of an individual and to the community in which one lives. It is a multi-dimensional concept embracing various aspects of life - educational, social and economic, political, cultural, etc. covering all people irrespective of age, caste and status. It is problem-oriented and relevant to the environment and is, therefore, a more effective form of learning.

Subjects for Non-formal Education

Various experiments and studies have revealed that the following subjects form an integral component of non-formal education:

1. Rural society and barriers for development;
2. People' organisation and its importance;
3. Motivation;
4. Health and Hygiene: (a) Mother/Child care; (b) Food values - vitamins, proteins, minerals, etc. and food intake for preventing diseases and malnutrition; (c) Water drinking, bathing, etc.; (d) Elementary Home Science; (e) Development of physical and mental faculties through sports and cultural activities;
5. Management of domestic livestock;
6. Value system;
7. Literacy, numeracy and relevant vocational training;
8. Democracy, rights and responsibilities as a voter and an individual, political set-up and delivery and distribution system within the district; and
9. Planning, implementation, monitoring and evaluation of all developmental activities at micro-level, communication and participation and modification/alternatives.

Extension Education for Leadership Development

“No higher purpose can be indicated for cooperative education than the creation of adequate leadership to guide the destinies of the new institutions which are being set up in the cooperative sectors of all the newer democracies”.³

From the statement above it is evident that there is a *need for leadership development* in order to cater effectively to the operational aspects of democracy. Various forms of leadership are available at the village level. Some of these are the formal institutions and informal institutions. Important among these are like the religious leaders, social workers, rural administration officials, teachers and technicians, etc. They play their own roles in the education of masses. They work to take the society forward to a certain goal. They strive to increase the knowledge of citizens in various fields. They motivate people in various political beliefs, in various social manners and methods and in various economic ventures. They involve all segments of the society - men, women, youth and children. They are the media to communicate information to the masses on various programmes, policies and philosophies. They are the agents of change. They pass on information. *Information is an essential input* for a healthy and dynamic growth of the society. They are, in fact, the extension workers. The main object of these extension workers or extension leaders is to assist the villagers to benefit through the existing agencies and achieve an all-round development. They apply various methods of communication, e.g., individual contacts through home visits, demonstrations, personal letters, telephone calls or meeting with farmers; group contacts through demonstrations, using other local leaders, lectures, conference discussions, study tours or field trips; and mass contact through bulletins, leaflets, folders, stories, circular letters, radio and television contacts, exhibitions, etc. etc.

The term extension education refers to systematic and sustained educational programmes primarily for adult part-time learners that are offered by any type of higher education institution. It constitutes the higher education segment of adult and continuing education. Continuing higher education programmes designed for adult part-time learners contrast with preparatory education programme for pre-adult full-time resident students.

“These programmes may involve evening or off-campus classes, correspondence or television courses, individual consultation

or demonstration projects, or residential conferences and institutes or may be directly related to an ongoing activity in an organisation or a community".⁴

In a rural setting in India, a cooperative society enjoys a focal position. The objective of a cooperative society is to provide services to the members (members of the rural community) and these services are multifaced. These services include provision of loans, agricultural implements, technical advice on farm inputs, etc. FIGURE-X illustrates the coordinating factors which support the cooperative society in a rural setting. Formal institutions operating in a village, like the Village Panchayat, voluntary agencies, other formal rural organisations and government officials find it more convenient to deal with the cooperative society. It is at the cooperative society level that individual workers and group workers are available to satisfy the various programmes.

The membership of a cooperative society may not include the total population of a village but it does include a major part of it and which consists of prominent leaders and other influencing factors. The membership of a society, therefore, covers a very broad spectrum of the rural population and it has to be accepted and involved for implementation of any rural development programme. FIGURE-XI indicates that the community (the total population of the village) consists of various individuals and rural institutions. It is from within this community that certain people get together to form a cooperative society. In order to reach the individuals, the society becomes the medium. Reaching them through the society is backed by an organised group - a legal institution which has some standing and goodwill in the village. It has a moral force and a logical strength.

The extension workers or adult educators have no other choice but to align their programmes with the programmes of cooperative societies.

The objectives of an adult education programme include, among others, the following;

- (1) Removal of illiteracy;
- (2) Making people conscious about their environment;
- (3) Making people functionally competent to live in a high standard of life;
- (4) To participate in rural development programmes and community development activities; and
- (5) To motivate them to participate in democratic efforts.

FIGURE-X

**ORGANISATIONAL CHART SHOWING
THE ROLE AND IMPORTANCE OF A COOPERATIVE
SOCIETY IN RURAL DEVELOPMENT-**

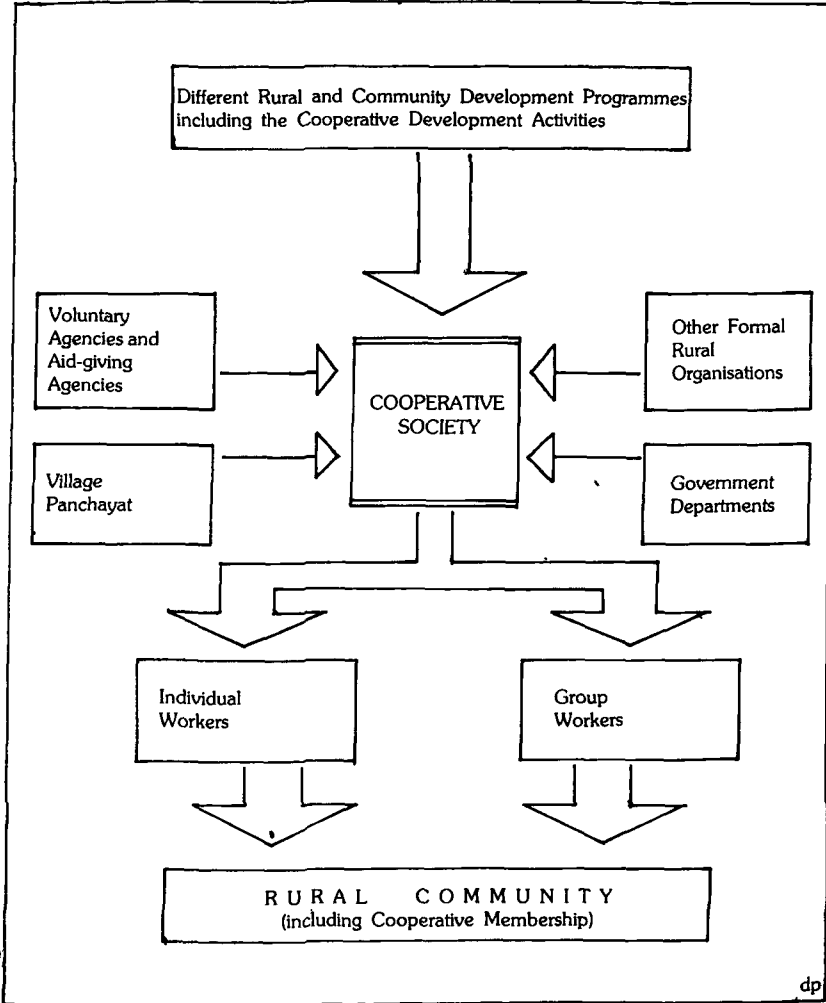
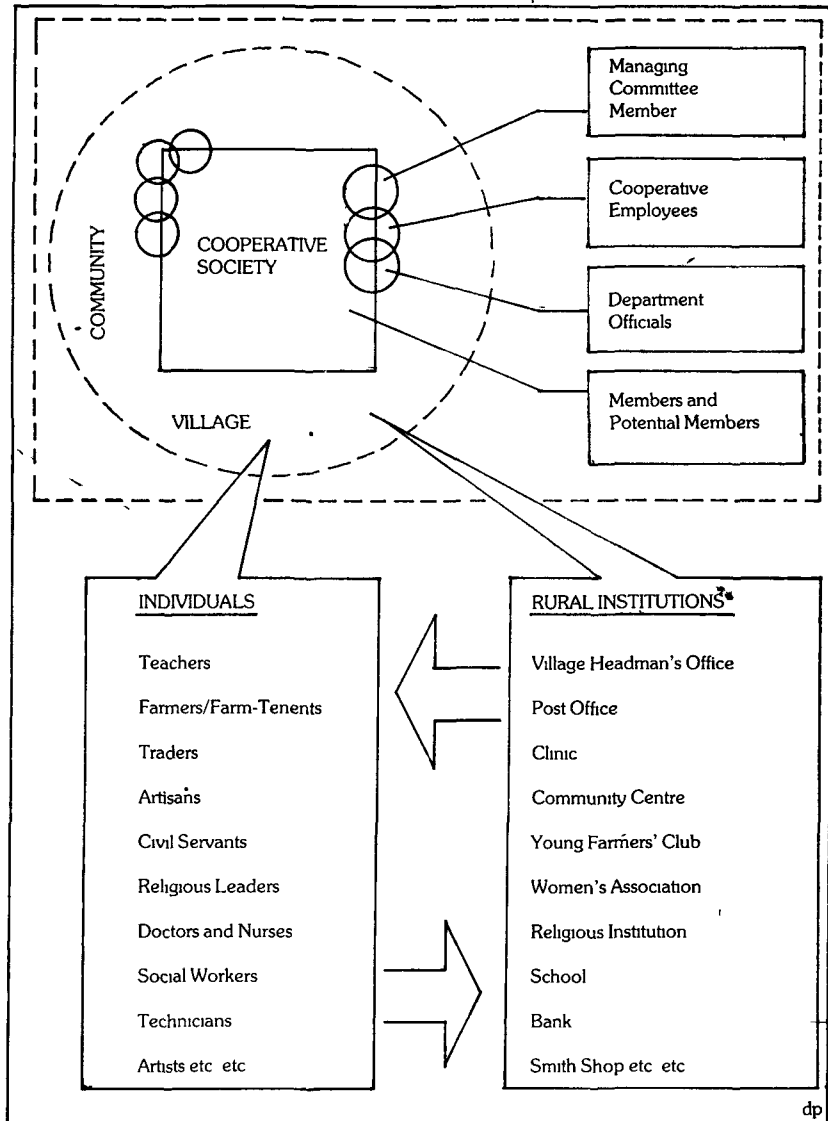


FIGURE-XI

RELATIONSHIP BETWEEN THE COOPERATIVE SOCIETY AND THE VILLAGE



Political Democracy

Recent experiments in India at the political level have amply proved that Indians have well-understood the techniques of operating a democratic institution. In spite of the fact that there is a great variation in economic standards, educational levels and social status, Indians have shown over and over again that they are conscious about their rights to vote. This has happened recently as well as in the past that the government structures were changed by the voters. This is true with the parliamentary system of government at national, provincial and district levels. These tendencies are also clearly visible in various other institutions including at the level of a cooperative society. However, it has been noticed that the elections at the society level, in many cases, still tends to bring in more political interventions and influences in the operation of a cooperative society.

Politics brings about an unhealthy influence in the Cooperative Movement. Various disadvantages to the Movement from political alignment may be summed up as under:⁵

1. Politics in democratic countries, envisages the existence of more than one party which have different ideologies and methods. They are often at loggerheads with one another and are always on a lookout to let down one another's policies. In cooperative societies, on the other hand, a reasonable measure of unanimity is necessary. Extraneous considerations, if drawn into the working of societies, would naturally create serious management problems;
2. Cooperative societies are economic organisations and differ from other types of business concerns in so far as they keep their doors open and allow every person to obtain the benefits of association. In case the Movement allows persons having only certain specified views to have access to its benefits, it would cease to be a welfare or a national Movement;
3. By aligning itself with a political group, the Movement would estrange all those who belong to the opposite group;
4. If any of the opposite parties secure power, it may adopt an unsympathetic or even hostile attitudes towards the Movement;
5. If a favourite party is in power, the effect would be no

better. Lavish favours may make the Movement dependent and destroy its spirit of self-help.

By economic democracy we mean that a citizen has a right to earn, to accumulate wealth and to consume. The Gandhian principle of economic democracy lays emphasis on converting the village into an independent and self-contained economic unit. The Gandhian philosophy emphasises that all opportunities and resources must be used at the village level itself to generate income and to provide employment opportunities without depending on outside factors.

Some of the *salient characteristics* of economic democracy include, among others, the following:

1. Freedom of opportunity;
2. Land reforms;
3. Fruits of produce to the tillers of the land;
4. Reduction in big land holdings;
5. Reduction in landless people (everybody must have some piece of land to produce for himself and for his family);
6. Dignity of labour;
7. Equality of status;
8. Right to earn wealth;
9. Development of common grazing fields;
10. Free and unrestricted use of common facilities like roads, wells and common property;
11. Right to participate in all common programmes;
12. Freedom to become member of institutions like cooperatives whether having land or no land;
13. Freedom to borrow from lending institution without any pre-conditions (e.g. mortgage against land, etc.);
14. Freedom from bondage;
15. Further development of Bhoodan concept (social consciousness of the fact that one is only a trustee and not the owner of land. Excessive land be distributed among those who do not own any piece of land for their survival);

16. Mass participation, and Active participation;
17. Family welfare; and
18. Increase in production.

Social Democracy

This term means freedom at the social level. Some of the salient characteristics of social democracy, among others, are:

1. Independence at the family level, community level and national level;
2. To gain knowledge, experience and skills in living together, working for each other and in mutual interest;
3. Freedom in working environments e.g., health, welfare and uplift of the community as a whole;
4. Freedom of religion;
5. Educational opportunities for women and children; and
6. Proper application of fundamental rights.

Education, formal or non-formal, is the basic pillar for the development of democratic traditions, political, economic or social. Man is the key factor and it is the man that matters. Man needs education to benefit from the fruits of democracy. A democratic citizen is the best guarantee for progress. In a community where education has been a scarce commodity due to various factors, it is essential that its members become functional-literates in order to understand their rights and duties and to appreciate the rights and duties of others.

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XIII COOPERATIVE EDUCATION AND DEMOCRACY

Cooperative Education

Education, in relation to cooperatives, means imparting of knowledge about the principles, methods, aims and practices of Cooperation among people and developing in them cooperative spirit and abilities to work together. Education is the means by which the Principles of Cooperation are enabled to function effectively. In order to operate a democratic institution it is necessary that there is an *enlightened participation*. There is a need for people to be educated so that they could understand the value of a democratic institution. In a cooperative institution it is the individual who works with and for other individuals. Education is the instrument which enlightens the individual on his role in a democratic structure, i.e. the cooperative institution.

A vibrant cooperative democracy is built up based on enlightened participation of broad-based membership, free from the domination of vested interests. Cooperative institutions are democratic organisations. Their affairs are administered by persons elected or appointed in a manner agreed to by the members and accountable to them. Members of a primary society enjoy equal rights of voting - One-Member-One-Vote.

Self-Regulation is Necessary

Increasing emphasis has to be laid on promoting self-regulation within the cooperatives so that the need for interventions of an external authority is reduced to the minimum. During the post-Independence era, approach of the government towards promotion and development of the Cooperative Movement also underwent a radical change. The country accepted the policy of evolving a Cooperative Commonwealth or a socialistic pattern of society based on democracy. The cooperative provided a convenient

tool for expediting the process of economic development through the consent and with the active association of the people concerned and led, in turn, to the policy of State partnership in the share capital of cooperatives. While there are shining examples of success of cooperatives in various fields, a number of failures have also been encountered. Problems of over-dues in credit cooperatives, bad management, lack of planning and foresight are a few of them. Many cooperatives have failed to achieve their social and economic objectives primarily due to bad management. The Cooperative Movement has both a social and an economic content and to fulfil this, sound functioning of cooperatives as an economic enterprise is indispensable.

Democratic Management and Control

The source of *democratic authority* in a cooperative is the general body of its members. It is, however, the responsibility of the managing committee to carry on the day-to-day business of the cooperative organisation. In a cooperative, being a voluntary and a democratic association, the principle of election must be adopted for the appointment of the members of its committee. The managing committee or the board is accountable to the members and, as such, it has to manage the affairs of the society in accordance with the directives given by the general body and subject to the provisions of the byelaws.

A cooperative member is not only a member of a cooperative society but is also a member of a wider group e.g., the community, the society and the Nation. For many people the prime concern today – historically, only a few years after Independence – is to *identify themselves with the Nation, and not with sub-units*. In addition, in moulding a society there are many diverging interests and many people would like to influence the development of their country. Do we, in the Cooperative Movement, educate our members so that they can discuss important socio-political questions e.g., unemployment, depopulation of the rural areas, why some are rich and others poor, equality, etc.? The role of the cooperative society to educate the members on social questions are of importance to them as citizens.

A modified member education programme should include such knowledge:

- that elucidates the role of the Movement from social, political, economical and cultural aspects;

- to develop the concept of democracy, freedom and liberty, and give an account of the human rights;
- that strengthens the Movement vis-a-vis institutions of the government;
- that leads to an increased social awareness, independence of mind, and active critical thinking;
- that helps the individual to defend himself against exploitation and oppression;
- that stimulates the individual to satisfy his basic needs and to enrich his life quality; and
- that is practical and useful and that can be applied in the cooperative environment.

Education within and for the Cooperative Movement can never be reduced to a mere process of transfer of technicalities. We aim not only helping to build institutions for the people, but also helping the people to build themselves.

The real aim of cooperative organisation and activities — irrespective of the specific objectives determined by the specific nature of the activities — is *to create social and economic benefits for the people who have thus joined together*. Cooperatives and their functions are not ends in themselves or means to bring about something else for someone else. They are the means by which to achieve the real aim.

Need for Member Education

Cooperation aims at giving individuals work and responsibility outside their ordinary life and experience. They must be enabled to do such work and shoulder such a responsibility. This ability must be developed if the work is to be undertaken. Cooperative education is necessary to develop this ability. A cooperative is a democracy based on “one-member-one-vote” system, thrives in direct proportion to such understanding and capacity of members. If the membership is inert, it might degenerate into an oligarchy and its social value as a training ground for democratic responsibilities would be lost. Hence cooperative education is needed to educate the members and to develop in them a sense of responsibility and ability to take right decisions and to prepare them to exercise their rights and responsibilities intelligently and honestly.

Cooperation is not a mere method of doing business, but is also a *moral organisation*, for the essentials to its success are largely elements of character of high value. As men cooperate on equal terms, they secure good opportunities for development of an unselfish spirit which leads to higher things than material advantage. Through Cooperation, the finer elements in human character can be mobilised to secure economic benefits.

The Question of Loyalty

A cooperative is an organisation for its members. Its continued existence and growth depends on the loyalty of its members. A high degree of cooperative loyalty is a necessary condition for its expansion. The "loyalty grows out of awareness of the purpose". To ensure loyalty is not an easy task, as rival methods of business and propaganda are becoming more and more efficient. "For the Cooperative Movement merely to imitate capitalist methods of advertising would be to sacrifice one of its greater economies ... The propaganda of ideas is more important for the future of Cooperation than the propaganda of trade goods".¹ The education of members in the ideals of the Movement will bind them together into an effective force for the realisation of cooperative aims. To create a worthy service of cooperative education is thus one of the essential needs of the Movement.

A cooperative, like any other organisation, also needs paid employees. They should be oriented to the need of the cooperative. They should be given training in Cooperation and other technical subjects, for a cooperative society would be no better than men who administer it. Employees are the hub of a cooperative. They contribute, by their good performance, to the success of the society's business.

"The goal of Cooperation is to make men – men with a sense of both individual and joint responsibility – so that they may rise individually to a full personal life and collectively to a full social life".² Hence the importance of education of the people to the Cooperative Movement. Cooperation and education are inseparable.

The Purpose of Cooperative Education

The purpose of cooperative education is:

- to bring people within the fold of the Cooperative Movement and to help man to rise above himself;

- to produce an entrepreneurial quality in a population where business management is unknown;
- to keep alive in members the feeling that the cooperative society is an organisation that belongs to them and depends on them for its efficiency and prosperity;
- to instil in them the knowledge, motives and ability that will make them into real Cooperators imbued with the will to assist in their joint enterprise;
- to wage a war upon illiteracy and ignorance so as to equip men and women to build a new society;
- to assist in equipping the ‘democracy of Cooperation’;
- to protect a cooperative society against the creeping in of non-cooperative ideas such as domination by a small minority; (According to an English editorial, “the best permanent protection against dictatorship by minorities of any sort is to educate the rank and file Cooperator to a full sense of his responsibilities”);
- to counteract the propaganda activities of people who do not believe in the Cooperative Principles;
- to inform the general public correctly about the Cooperative Movement; and
- to create trained personnel responsive to the needs of cooperatives and guided by the Principles of Cooperation.

Who Should be Educated?

A programme for education and training, to be operated by a cooperative institution may cover the following target groups:

- (1) Education of members,
- (2) Education of managing committee members,
- (3) Education and training of cooperative employees,
- (4) Education of the young and women,
- (5) Education of the public, and
- (6) Education of government cooperative employees.

These are discussed below in brief:

- (1) *Education of Members:* The basic effort of a cooperative

society should be to enlighten the members and to prepare them for an active participation in the affairs of their society. Because without their intelligent participation a cooperative loses not only its democratic character but also its efficiency and dynamism. The approaches for carrying out these education programmes have to be related to the needs and aspiration of the members and keeping in view the levels of understanding of individual members. Separate methods have to be adopted for illiterate, semi-literate, and literate groups. More persuasive methods leading to motivation of members have to be adopted. Greater emphasis has to be laid on the performance of members and enabling them to understand and evaluate the performance of their society. They should be prepared to assume leadership roles in the managing committee of the society.

This group has to be approached by organising mass contact programmes, holding members' classes on holidays or in the evenings, inviting them to participate in fairs, celebrations, demonstrations and gatherings, inviting government and other officials to speak to the members on matters relating to the members' profession etc. In communicating with the members simple methods, simple language and simple communication media should be employed. Posters and charts with bold letters, fast colours and simple pictures are most effective for such groups. Materials prepared based on the society records and activities would be most effective in getting to the problems of members.

(2) *Education of Managing Committee Members*: This particular group takes key decisions on behalf of the members and on behalf of their society. Education programmes for them should provide them with appropriate skills to take correct decisions. It should be brought to their notice that their decisions have legal implications and economic ramifications for the members. It is from this group that office-bearers emerge. They should, therefore, be oriented towards various managerial skills, for instance, knowledge of statements of annual accounts, various books of accounts, implication of government circulars, a proper enlightened study of their own byelaws and various other rules and regulations framed under the relevant Cooperative Acts. These members form a core group which has some amount of influence on the general membership.

Education and training of committee members and office-bearers may be undertaken by cooperative school, cooperative instruc-

tors, supervisors and extension officers. Periodical conferences and seminars of committee members should be organised to provide a forum for discussions and exchange of experiences. Study tours also help in broadening the vision of this particular group. This group also needs some professional training in some skills, e.g., decision-making, management and member relation.

(3) *Education and Training of Cooperative Employees:* Cooperatives are organisations meant for promoting the interests of small people and ought to be guided, administered and supervised and managed by persons equal to their tasks. Their training should be *job-oriented* type. The training given should consist of theoretical instruction and job training. It should be, more or less, a specialised one. It is also necessary to provide the workers pre-training and post-training job experience. The objectives of the training should be to impart them a thorough knowledge of the principles and practices of Cooperation and management to inculcate in them cooperative spirit, rational faith in Cooperation and missionary zeal for cooperative work and to develop in them job-skills necessary for performing their functions efficiently. Professional training programmes are offered by various cooperative training centres and colleges.

(4) *Education of the Young and Women:* Generally there is a tendency that all development activities in a cooperative are geared only to the farmer-members of cooperatives and important group, which influence the actions of members, is ignored. That group is the women and the young. Although the women are generally not in the direct membership of a cooperative yet their menfolk do take decisions which influence the life of women and their children. The youth can be approached and covered under cooperative education programmes at the school level while special efforts should be made by a cooperative institution to provide some education and training to the women. A majority of women in rural India participate in farming operations. A cooperative institution can, therefore, devise various methods by which the women can be encouraged to participate more effectively in various other activities. This could be, for instance, providing them vocational training in the operation of fixed machinery, medicare, hygiene, food and environmental conditions and in enhancing the level of culture by creating in them interests for hobbies, reading, sports, sight-seeing and providing opportunities for them to supplement their family income by various other

means like participation in side-jobs like handicrafts, bee-keeping, weaving, etc.

(5) *Education of the Public*: Cooperators emerge from the general public. It is the general public which needs more information and propaganda in favour of cooperative activities. The propaganda activities should awaken public interest and implant cooperative ideas and ideal in the minds of the people.

Propaganda may be carried on by organising public lectures, group discussions, conferences and exhibitions. Posters, dramas, audio-visual media, radio programmes, booklets, magazines and popular press also serve as propaganda media. Propaganda may be carried on by cooperatives, unions, guilds and government.

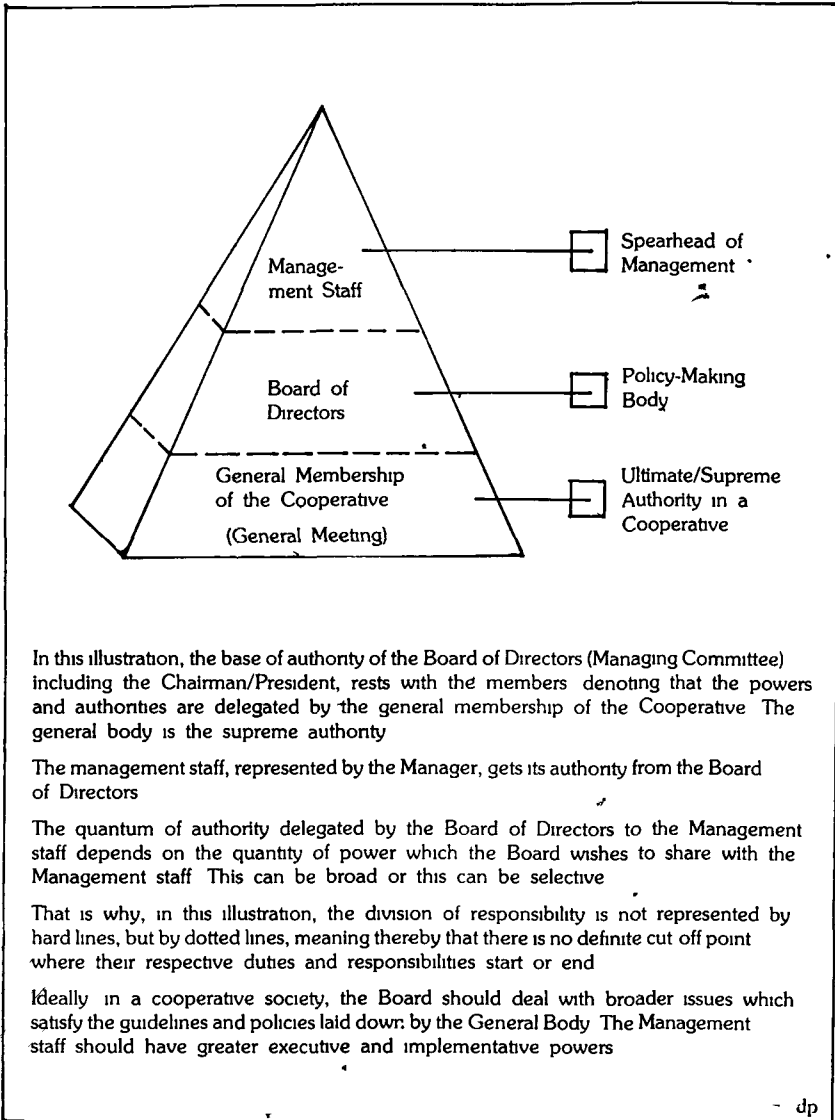
Whatever form it takes or medium it uses, cooperative propaganda and education should aim at and succeed in turning out enlightened and active Cooperators.

(6) *Education of Government Cooperative Employees*: It has been noticed that government employees dealing with cooperatives have a tendency of bossing over the cooperative institutions whereas their role is to help, assist and guide these institutions. They are expected to be the "friends, guides and philosophers" of the Movement by virtue of their placement. The auditors mostly look for the faults. This attitude brings distrust and dissatisfaction among honorary workers who are engaged in the operations of a cooperative institution. Many of the cooperative rules and regulations are designed and enforced by the government machinery. This enforcement tends to be unilateral and, at times, it damages the institution more. Cooperative employees, therefore, need training and orientation in a more systematic manner. There is a greater need for changing their attitudes towards the cooperative institution. They have to be made competent in their profession and they should be prepared to assist and guide the cooperative institutions. They need training in Cooperative Management, Cooperative Legislation and Communication.

Democratic Management

In the management of a cooperative institution the three important segments have to work in harmony. These important segments are: the general membership of a cooperative, members of the managing committee and the management staff of a society (FIGURE-XII). The general body of a society has the

MANAGEMENT TEAM RELATIONSHIP IN A COOPERATIVE



supreme power of adopting its own constitution and taking important decisions including electing its own office-bearers. A study of byelaws of any cooperative society would reveal that these powers are enormous and that the members are the real controllers of their own organisation. The ultimate authority in a cooperative institution rests with the general membership of a cooperative. Because this segment has greater number of people, the management of an institution by them becomes difficult. This segment, therefore, frames broad policies and delegates some of its powers to another segment called the board of directors or managing committee. This committee is subordinate to the general membership and it has to carry out the directives established by the general membership. The management staff, the third segment, is headed by a manager and he gets his authority from the managing committee. In other words, the management staff is there to service the general membership of a society. In addition to these three segments, there is an external segment called the official segment i.e., Cooperative Department. The three internal segments have to coordinate and collaborate with the external segment in order to promote the cooperative tendencies on a democratic basis.

A cooperative is a man-making organisation and its goal is "to make men with a sense of both individuals and joint responsibility". "To make men with a sense of responsibility, to make new men" is the ultimate aim of cooperatives. A cooperative institution is a school of citizenship and democracy. "There is no finer training for responsibilities of citizenship than service in a democratic organisation like the Cooperative Movement, which stress the responsibilities of freedom as well as its privileges". Cooperatives educate their members to use their gifts and develop their talents and make them fit for directing the affairs of their political democracy.

A Suggested Model

A look at FIGURE-III of Chapter-IV would suggest that the members elect a managing committee and other committees, they appoint a manager of their cooperative society and the members, through their manager, control and deal with all other employees of their cooperative society. Members, thus, become owners, employers and controllers. In order to carry out education, training and development activities a primary cooperative society should have a component called an *Education Sub-Committee*.

This link has been sadly missed in many of the primary cooperative institutions in the country. Most of the institutions concern themselves more with the business than developing their membership. Very little thought has been given to deal with the members in an organised manner. Most of the institutions leave the educational activities to the care of District Cooperative Unions or State Cooperative Unions. They feel that they have done their job well by remitting the Education Cess to the Government/Union every year (In most of the cases in India a cooperative institution is obliged to pay 2% of its net profit as Education Cess to the government which is later used to fund various education and development programmes through the government as well as through the Cooperative Unions).

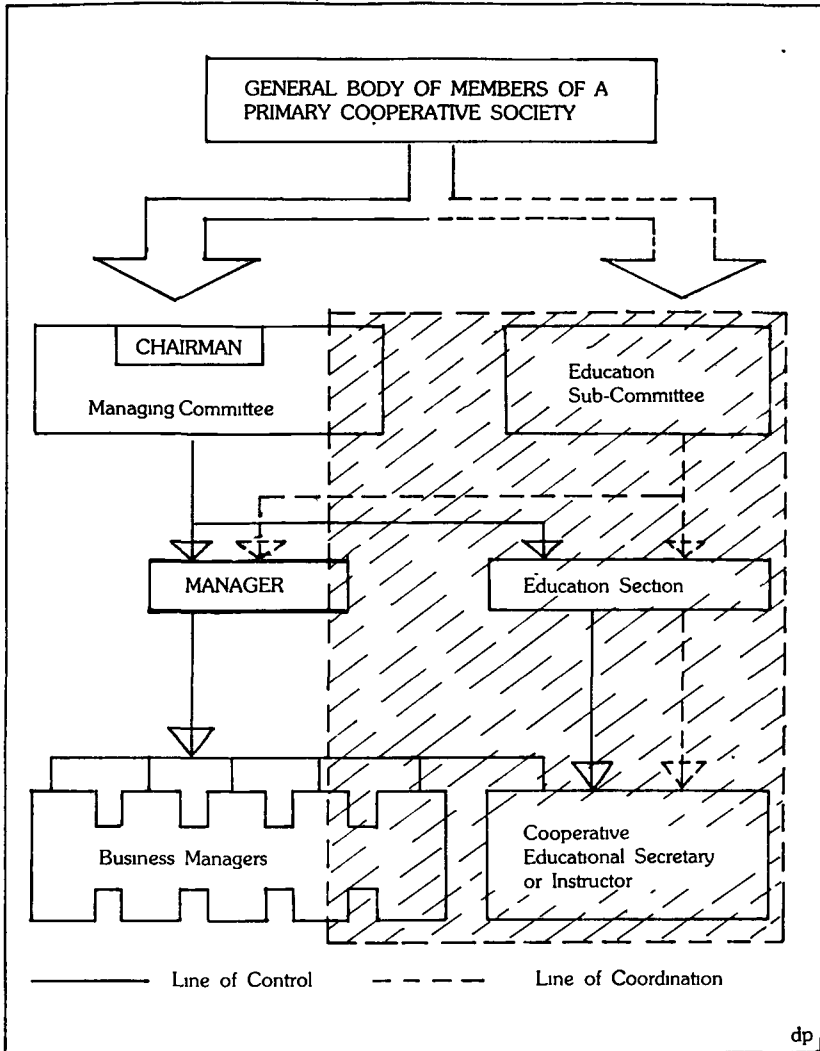
An Education Sub-Committee

The promotional work which is currently being done by the state cooperative unions and district unions should highlight the need for creating an education and development system at the primary society level. This can be an important tool to reach the membership in an honest manner. A primary cooperative society should, therefore, have a provision on their annual budget for a small Education Fund in addition to the statutory provision of 2%. This 2% will go, anyhow, to the system itself but an additional amount retained at the society level will provide more funds to the society to have better contacts and relations with the membership. In the ultimate analysis the primary society should be able to operate its own education structure i.e., the Education Sub-Committee, a small education section and one or two instructors. A look at FIGURE-XIII would explain the internal structure of a primary cooperative society. The basic point is that an *education section is as important as any other business section* of a cooperative. The education section in a primary society will, however, operate under the control of the managing committee of the society and the cooperative instructor would be placed within the education section and he would be administratively controlled by the manager in the same way as the other assistant managers are controlled. However, the work of the education section and of the instructor would be guided and supported by the Education Sub-Committee.

The Education Sub-Committee of a society will not function in isolation. It will have an active collaboration and dialogue with the managing committee, manager and other business

FIGURE-XIII

ORGANISATIONAL STRUCTURE DEPICTING THE SUGGESTED MODEL TO CARRY OUT MEMBER EDUCATION ACTIVITIES AT PRIMARY LEVEL



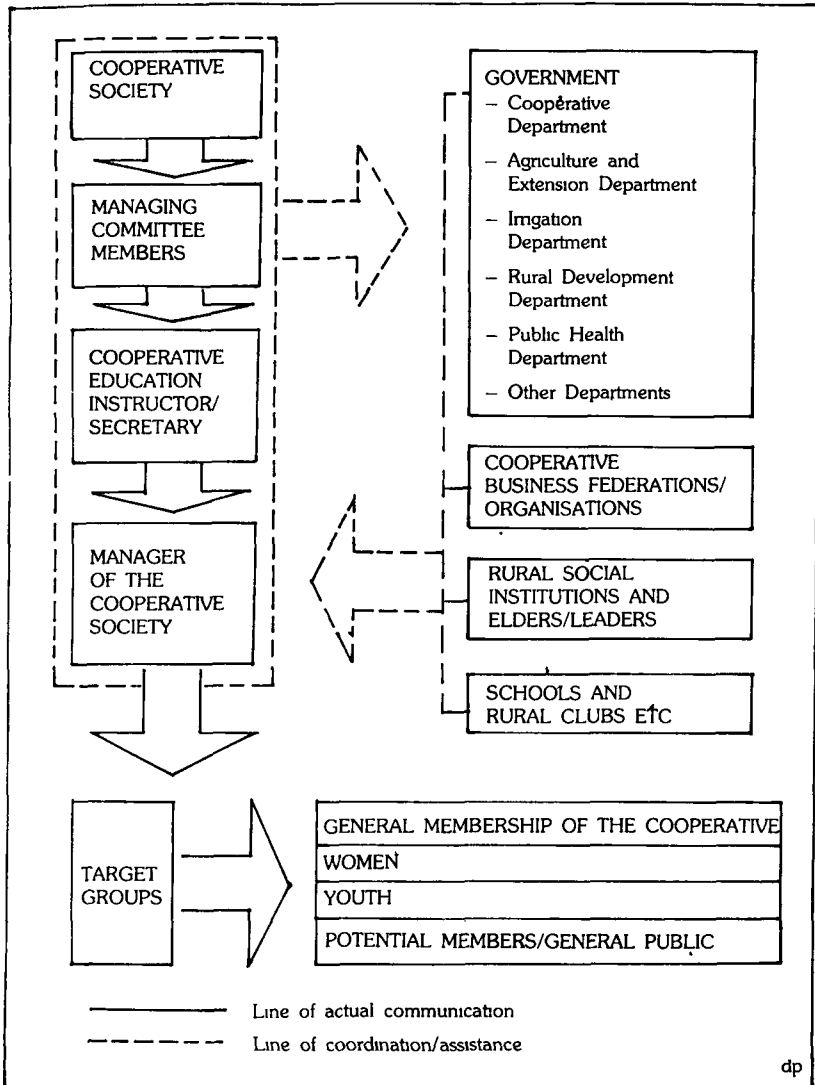
managers of the society. Information on feedback and requirements will flow to the Education Sub-Committee from the managing committee, manager and other business managers who are in constant touch with the general membership of the society as well as with the external agencies and officials. FIGURE-XIV indicates that a cooperative society, consisting of the managing committee, the education instructor and the manager, have a constant dialogue and contact with other agencies like that of government, other cooperative institutions, rural social institutions and schools, etc

The educational activities of a society are aimed at the general membership of the society as well as at women, youth and potential members. It is obviously very difficult for the society alone to provide educational services to the target groups on its own. It has to have the assistance of external sources and that is why in the model suggested there should be a closer coordination and collaboration with other agencies.

A large segment of rural India is highly agriculturally dominated. There are very limited resources to support the farmers in their economic needs. A cooperative institution in rural India is, at present, the only visible source of strength for the farmers and tenant-farmers. Cooperative societies provide them with credit and other services. It is the focal point of social and economic activity in a village. A large number of extension agencies and other development programmes make the cooperative institutions as their base. Most of the new experiments in farm technology are located in rural areas where cooperatives provide them with all kinds of supports. The IFFCO (The Indian Farmers' Fertilisers Cooperative Limited), for instance, conducts many of its extension activities through the cooperatives. In addition to selling their fertilisers to the farmers, they have been carrying out various experiments in developing leadership. The extension workers from IFFCO do not necessarily and strictly give education and training in cooperative principles and practices only but also provide information on new developments in farm technology like seed multiplication programme, crop protection programme, post-harvest techniques, management development in primary societies and advice on development of soil and irrigation potentials. The institution of an Education Sub-committee at the primary level can make things more effective and easier for the development programmes to reach the farmers. A satisfied farmer with increased production in his fields would naturally look for a better standard

FIGURE-XIV

A MODEL SUGGESTING THE METHODOLOGY OF CARRYING OUT COOPERATIVE EDUCATION ACTIVITIES FOR MEMBERS OF A PRIMARY COOPERATIVE SOCIETY



of living. A happier and contented family is the cornerstone of a strong democratic society.

Approaches in Member Education

New experiments in member education and leadership development have been carried out in various parts of the country. There is a national level cooperative member education programme run by the NCUI with nearly 1000 cooperative education instructors working in various districts through the medium of state cooperative unions and placed under the charge of district cooperative unions. The district unions, in turn, design and develop education programmes for various categories of Cooperators in their own areas. Cooperative instructors are then employed to carry out those activities in collaboration with primary cooperatives. From the face of it the programmes seem to be well-structured and well-organised. There is, however, a gap between the primary society and the cooperative instructors. The instructor is a third person for a primary society. He is neither their own employee nor he conducts the programmes or supports activities which the primaries need or desire. The primaries are serviced by the district union through the instructors according to a programme designed by the district union itself. The instructor's job is to go to a particular village or a society, conduct a programme and move on to another village or a society. He conducts these programmes in accordance with a schedule prepared by the state and district union and he is expected to fulfil certain targets each month and each year. The needs and requirements of an individual cooperative thus becomes secondary. The contact of the instructor with the society is, therefore, not lasting. It takes years for an instructor to return to the same village.

A Project Approach: An Experiment in Indore

An experiment in this field was conducted by the International Cooperative Alliance Regional Office & Education Centre for South-East Asia during the years 1971-1975 in Indore District in Madhya Pradesh.

A total of 10 societies with 58 villages were covered under the Project. The total membership of the Project societies was 1,685 with a total of 80,572 acres of land.

The *overall objective* of the Project was "to contribute to the development of rural cooperative societies and (through that)

to the social economic improvement of their members.” The detailed objectives of the Project were as follows:

- i. to carry out education programmes for the employees, board members, and ordinary members (including active members, housewives and youth) of selected primary societies as part of the current and projected development programmes;
- ii. to carry out educational activities for supervisory and extension personnel of secondary cooperatives and employees of cooperative department, who come in direct contact with the primary societies;
- iii. to experiment with and demonstrate successful approaches and techniques in cooperative education which can then be duplicated elsewhere;
- iv. to produce educational material, manuals and audio-visual aids for use in the education project; and
- v. to involve cooperative institutions increasingly in the formulation and implementation of the Project.

Before the actual commencement of the Project activities a brief exercise was undertaken for *studying the local situations* through visits to the cooperatives in the district and discussions with representatives of cooperative institutions at the primary and secondary level and officers of the government departments engaged in rural development work. On the basis of the studies four service cooperatives and one cold storage society were selected initially. After some time five more agricultural cooperatives were included in the Project area after the Project held a training course for secretaries of the service cooperatives. The selection of the societies was also made on a somewhat representative basis so as to include agriculturally better-off area, agriculturally backward area and in intermediate area. The societies selected also included areas which are in proximity of Indore city as well as those quite far away from the city.

The Project had the benefit of the advice and guidance of a Local Advisory Group consisting of relevant officials and cooperative leaders.

Some of the main features of the Project can be summarised as follows:

- i. The education approach in the Project was *developmental*

and geared to solving the problems of cooperative societies in the Project area and ensuring their development;

- ii. The Project provided education to members, committee members and employees of primary cooperative societies as well as employees of district cooperative institutions and cooperative department who are responsible for the supervision of primary societies. The approach in the Project was *society-based* and not general;
- iii. Education was provided to the above groups on a *continuing basis*;
- iv. An attempt was made to foster *better communication* among members, committee members and employees of cooperative societies by insisting that managers of societies attended committee members course;
- v. An *integrated approach* to education was followed;
- vi. Both the primary societies and district institutions were actively *involved* in educational work; and
- vii. Continued attempts were made to maintain *coordination* with various government and other developmental agencies.

Some of the main *operational features* of the activities of the Project were:

- An intensive study of educational needs of the societies and other cooperative institutions within the area of the Project;
- In addition to providing education programmes to the primary societies, secondary societies were also covered under various education activities. The effectiveness of primary societies depends, to a great extent, on the support extended to them by the secondary organisations and the availability of this support, in turn, is dependent on the attitudes and the decisions of the leaders and personnel in secondary institutions.
- A *local teacher approach* concept was introduced. This approach meant that either a secretary of a cooperative society or a teacher of a school or some qualified functionary was commissioned to carry out member education work. The selection of the local teacher was done by the

managing committees in consultation with the Project. These teachers were trained by the Project and they were provided literature and visual aids by the Project to carry out their teaching in the societies. While the local teacher approach was found to be particularly suitable in carrying out continuous member education work, in reaching members in different villages and in linking education with the activities of the society, the experience of the Project suggested that this work can be carried out by only those secretaries who have the necessary aptitude and interest in education and development of the society. A managing committee which is both vigilant and interested in serving the members can also ensure that the programmes once started would not be disrupted.

- *Farm Guidance Service* for Project societies was another important input. The objectives of the farm guidance service were as follows:
 - Soil and water testing and recommendation on the use of fertilisers;
 - Providing advice on the use of insecticides, pesticides and other agricultural inputs;
 - Setting up of demonstration plots;
 - Introducing the idea of farm management among the farmer-members (i.e., preparation of production plan, income and expenditure and funds plan);
 - Providing the farmer-members with market information;
 - Conducting courses for family education; and
 - Organising the commodity groups such as for potatoes, wheat, maize and vegetables and fruits;
- *Study visits* of members, committee members, housewives and managers of society to the district cooperative organisations and other developmental agencies were arranged. Study visits were also arranged to some cooperative institutions in the neighbouring state. The study visits were found to be a very effective educational medium;
- *Management guidance activities* were also offered to the Project societies. Societies were assisted in preparing their annual reports, statements of accounts, problems faced

and their possible solutions. The managing committees were also assisted in formulating budgets for the subsequent year for presentation to the general body meetings (this type of activity was never done in the past);

- *Coordination with secondary cooperatives* and development agencies was another important activity of the Project. This included holding of business-like discussions with the cooperative lending institutions, marketing societies and other institutions like the IFFCO, National Seeds Corporation, Dairy Federation and government departments;
- *Development of educational material* was an important activity of the Project. This included production of informative material, manuals, guides, simple audiovisual aids, newsletters, charts, and various kinds of leaflets and booklets.

Some of the *results achieved* from the experiments conducted in Indore could be enumerated as under:

- Increased awakening among the members and the committee members or primary cooperative societies;
- Service cooperatives had diversified their activities beyond the usual credit activities;
- The inter-dependence between the primary societies and the secondary societies was realised by both the Project societies and the secondary organisations;
- The concept of farm guidance activities was widely accepted in the area, resulting into better farm products, better application of fertilisers and making a judicious use of other farm chemicals;
- The concept of Local Teacher Approach, was widely accepted by the societies resulting into a better and increasing participation in general meetings and enabling the members to ask "quality" questions. This is also helped in a better participation of women and youth in cooperative activities;
- Irrigation facilities improved, more farm products were getting into the cooperative cold storage society, better dealing with the cooperative lending institutions, and a good working relationship established with the District Cooperative Union and the State Cooperative Union;

- Primary cooperatives remitted their shares of Education Cess to the District Cooperative Union and allocated reasonable funds for conducting their own member education programmes;
- Primary cooperatives deputed more of their MC members and managers to receive training at the Cooperative Training College in Indore.

While the Project was run jointly by the ICA and the NCUI, the beneficiaries of the Project were the societies covered under the Project. FIGURE-XV illustrates that the Project was the key factor to generate development activities at the society level whereas societies themselves became individual units to provide services to the individual members. The motivation provided by the Project to the societies, in turn, motivated the members in order to improve their own lot. FIGURE-XVI describes how the Project helped create a chain reaction through the medium of those who were educated or trained at its various courses. The local teacher approach results in providing more information to others. So one secretary trained will train another 3-4 and these will train some more.

At the end of the Project the societies had improved their business performance, participation in general body meetings had improved and they were more receptive to new ideas and activities. Some of the resultant activities were more irrigation facilities, societies' own offices and godowns, better patronage to the cold stores, better dialogue with the cooperative financing institutions and government officials and a better relation with the district cooperative union. Some of the societies had even established their own reading rooms and libraries.

At the end of the ICA Project in Indore, the NCUI, together with the support of the State and Central Government, established 20 such field projects in the country, using the same strategy and design.

A Society Approach: Two Integrated Methods

In this first case a society is taken as a unit for development. The society as a unit is supported and guided by specialists and professionals in its various activities e.g., management, finance and business activities. Various development agencies and business organisations support the various activities of one cooperative. Fertiliser agencies provide it with techniques and guidance in fertiliser application, marketing agencies support it with marketing

FIGURE-XV

EFFECTS OF A PROJECT APPROACH : REACHING THE TARGET
(THE MEMBERSHIP) AND ITS INVOLVEMENT IS THE AIM

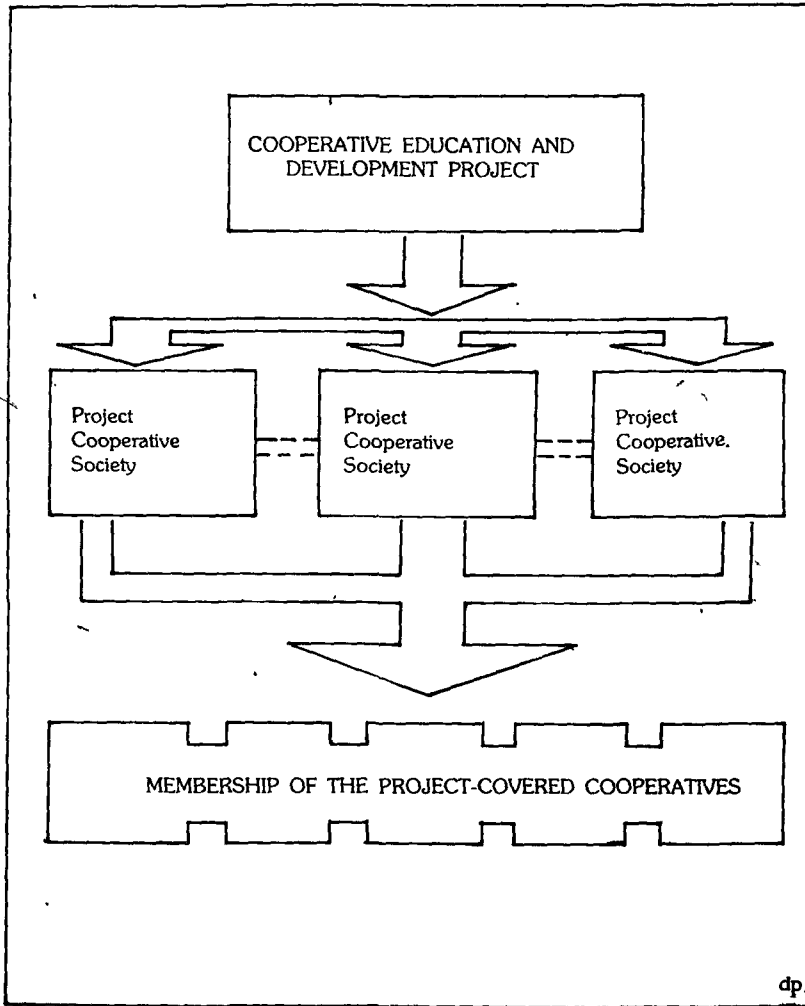
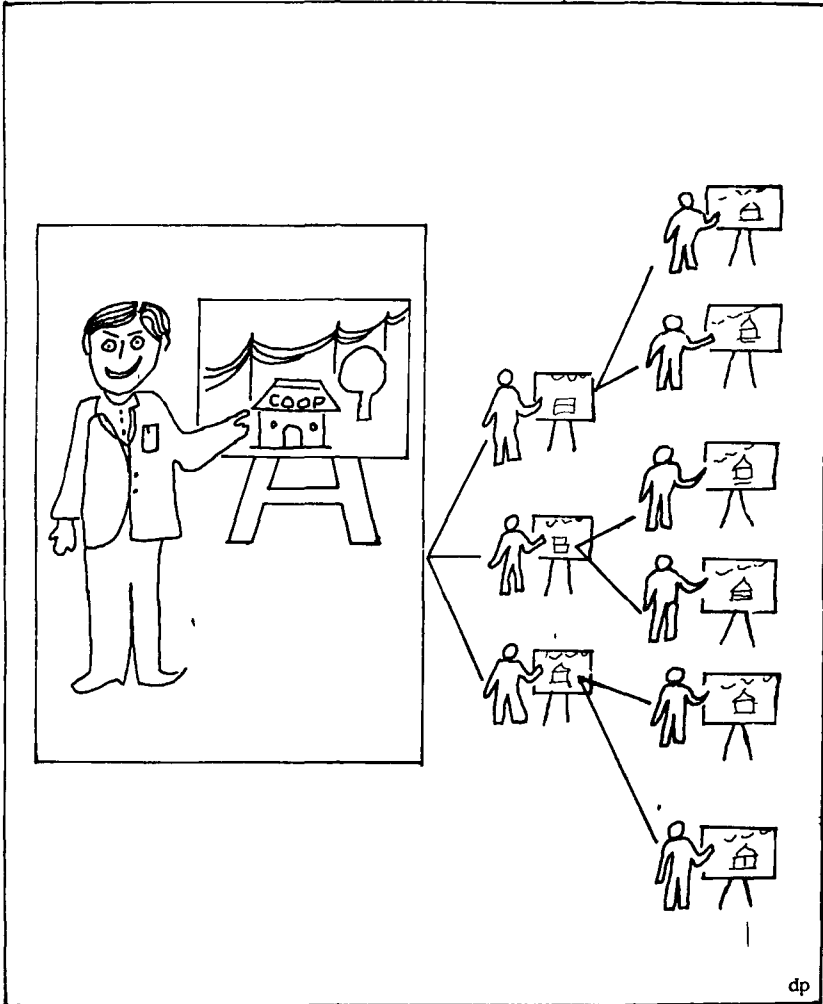


FIGURE-XVI

PROCESS OF LEARNING : MULTIPLICATION EFFECT OF A COOPERATIVE EDUCATION AND DEVELOPMENT ACTIVITY



and processing activities, lending institutions provide it with funds and services on financial management and ideological agencies provide it with resources for education and development activities.

In the second situation various agencies coordinate their activities for the benefit of the selected cooperative or for a set of selected cooperatives. Instead of many institutions supporting the cooperative, it is one integrated agency which provides various services to the society. In this case agencies like Khadi and Village Industries Commission, Agricultural extension services, All-India Handloom Board, Small-Scale Industries, Youth Development Programmes and various agro-units get together and provide technical guidance and other support to the cooperatives.

Role of Business Cooperatives

The development of members and leadership in cooperatives is not the activity of cooperative societies only. The business federations deal with cooperatives and cooperative membership and carry out their business activities based on the products coming from the general membership. They have, therefore, an important obligation towards the development of cooperatives. From out of their own resources they should also fund and support various education and development activities of primary societies. Organisations like NAFED (National Agricultural Cooperative Marketing Federation of India Limited), NCCF (National Cooperative Consumers' Federation of India Limited), Sugar Federation, National Federation of Industrial Cooperatives Limited, have to get together and come forward with funds and other resources to supplement the education and development activities of cooperatives and cooperative employees. It may be pointed out that the national level cooperative federations conduct large-scale business operations with and on behalf of their members. Naturally some profits are made and retained with the national federations. It is thus an obligation on them that they *share these benefits and profits* with their affiliates in the form of various developmental services e.g. education and training programmes, contributing towards the development of training centres and strengthening of Cooperative Unions.

Methods and Techniques

Cooperative education is an extension activity. The objective of cooperative extension work is to extend cooperative knowledge to people, to create genuine cooperatives so as to extend the

benefits of Cooperation to more and more people to get them involved in the effective management of their cooperatives. The Education Sub-Committee of the primary cooperative society, in collaboration with other cooperative societies, could undertake some initial analytical studies. A programme on cooperative member education for a primary cooperative depends on various factors. Some of the steps in organising a cooperative member education programme are described in FIGURE-XVII. The main task of the Education Sub-Committee at society level is, therefore, to conduct some analytical studies on cooperatives or even on members. These studies lead to the development of an effective education programme.

The current member education programme now needs an urgent appraisal because of its slow movement, inadequate funds and very low coverage of the intended target group. Also the need of members is now quite different. They now need more information and training in management techniques. The face of the new programme has to be management training oriented or called a management extension programme.

The Education Sub-Committee could undertake or support the following activities:

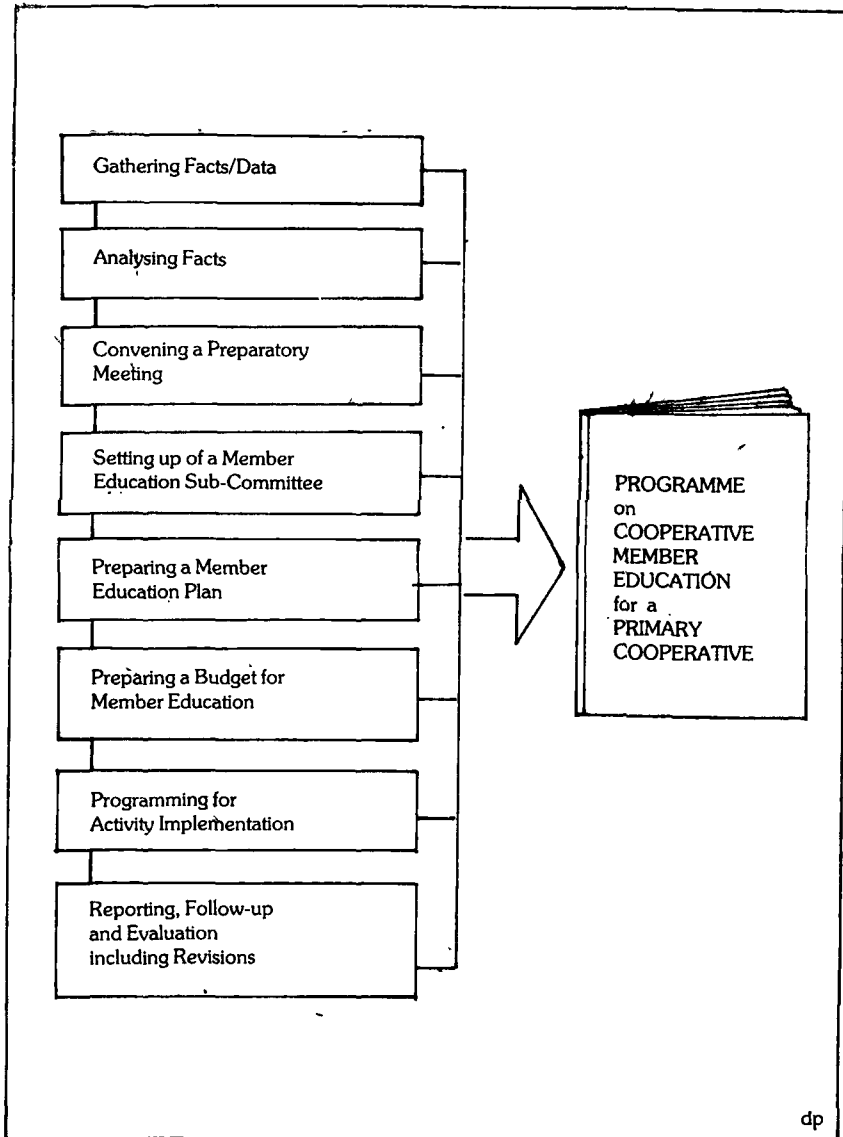
a. *Membership Drive*: The societies which have not covered all eligible persons need membership drive. The service programme for this work will consist of:

- A study of the working of the society in the background of the local needs for the services which the society renders, and ascertainment of the scope for extending membership;
- Discussion with the office-bearers about the causes for undermembership and the steps to be adopted for making the society's services attractive and comprehensive; and
- Approaching prospective members, convincing them about the benefits of membership and getting them interested in the activities of the society.

b. *Management Guidance*: According to a survey conducted recently, 33 per cent of committee member respondents did not know in whom the ultimate authority rests in a society; 51 per cent of respondents were not able to specify all the powers of the general body; and 82 per cent of respondents did not

FIGURE-XVII

STEPS TO BE TAKEN IN ORGANISING A COOPERATIVE MEMBER EDUCATION PROGRAMME FOR A PRIMARY COOPERATIVE



participate in the discussions in board meetings. This lack of knowledge and interest affects the efficiency of management. Extension workers can remedy this lacuna. They can train managing committee members in their duties and responsibilities and guide them in proper maintenance of accounts, conduct of meetings and writing of minutes. It is of prime importance that the members of managing committees should know that their decisions are economical and influence the business operations of the cooperative. Their decisions also have influence on the work performance of their employees and the participation of general members in the business operations of the cooperative. The MC members should have a good knowledge of and training in using the financial information provided by the manager. Such methods as informal discussions, study circles, brief seminars, demonstration classes can be used for imparting this training guidance.

c. *Revitalisation of Dormant and Weak Societies:* In India, a good percentage of societies are dormant and/or weak. These are societies which have lost their viability and vigour and become inactive. The causes for such dormancy are varied, such as lack of leadership, lack of interest of office-bearers and apathy and disloyalty of members. Though a cooperative society is an organisation of a number of persons, it is not the larger general body, but the smaller band of leaders - the member elite - that gives a push and vitality to the society. Wherever there are devoted, energetic leaders, cooperatives work very successfully. So lack of such active leadership results in dormancy of a society. Enlightened leadership helps create active and alert members who take a good care of their institution.

d. *Development of Business:* A society's business should be dynamic. The society go on expanding its business so as to sustain the interest and loyalty of existing members and to attract new members. As regards the development of business, the functions of society should be studied with reference to its objects as per the byelaws. This will indicate the tasks that are yet to be undertaken. The extension workers should then explore the scope for their implementation. They should also study the adequacy of activities already in vogue with reference to the needs of the members. They may organise group discussions to discover the members' specific needs and to prepare the members to take up new activities and to expand existing lines of business.

e. *Development of Leadership:* The extension workers can help cooperatives in selecting the best leaders for them. Leaders

need not be persons with special authority. They may be selected from *natural leaders* who are respected and looked upto for help and advice by their neighbours. They should be interested in the welfare of the community and have a genuine desire and readiness to help others. The leaders so selected must be trained in the objectives and ideals of Cooperation and in their responsibilities. They should also be trained in the business and accounting procedures adopted in the societies and in the conduct of meetings.

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XIV SUMMING UP — MAKING COOPERATIVE DEMOCRACY EFFECTIVE

The role of a primary cooperative society in strengthening cooperative democratic traditions cannot be overemphasised. These institutions, primarily are democratic institutions and they operate their business on a democratic basis. A primary cooperative society could perhaps contribute in the following manner in consolidating the democratic traditions. .

Education and Member-relation Programmes Sponsored by the Primary Cooperative Society

At the village level, a cooperative institution is the first formal contact point for the members. Cooperatives, by virtue of their character, *contribute significantly to the growth of democratic traditions in the country*. It is, therefore, necessary that the cooperatives initiate some realistic steps which could contribute to strengthen the nationalistic feelings and patriotism among the members. Members, before they are the members, are the citizens of India. It would be a reasonable thing for the cooperatives to strengthen this feeling by introducing some simple instruments, in the form of pledges which should be read aloud by the members, management committee members and the employees. These *pledges*, (see ANNEXURE-A.1, A.2 and A.3) can be administered by the president of the cooperative society, at some suitable occasion, e.g., the General Body Meeting, or the Cooperative Day Celebration, or even on the National Independence Day/Republic Day. These pledges would serve the purpose of bringing the members, MC members and employees a little more closer to the cooperative institution. The main purpose of these pledges is to inform the concerned parties that they belong to the Cooperative and that they have certain rights and duties.

A primary cooperative society should also clearly explain to

the three categories i.e., members, managing committee members and the employees, what '*performance*' really means. Each one is concerned with the performance of a cooperative institution and of oneself. How to enhance/improve the performance of a cooperative society itself; How to enhance/improve the performance of MC member; and how to enhance/improve the performance of an employee, are some of the simple instruments which can generate some kind of discussion among the concerned groups, and within the general membership of the cooperative institution. Improvement in the performance of a cooperative institution is not the sole responsibility of the MC members alone, it is a combination of efforts of all concerned. A set of examples of these *performances* are given under ANNEXURE-B.1, B.2 and B.3. These could be discussed by the concerned people at some suitable occasion to generate some further discussion and to confront the concerned people that their performance is subject to evaluation and assessment.

Continuous, persistent and systematic education efforts should be made. There is a great need for setting up a Cooperative Education Sub-Committee at the primary level. In addition to the government, federal (and business) cooperatives should provide liberal financial assistance to the primaries to carry on the education work. The district cooperative unions should come forward in producing educational materials and audio-visual aids which could be provided, either free of cost or on a nominal price, to the primary cooperative societies. In the conduct of member education activities, greater emphasis should be laid on the production and application of simple audio-visual aids, local cultural programmes, radio and study circle methods.

Member education activities should be *supplemented by regular member relations programmes* which may include meetings with members, answering their questions, listening to their wants and complaints, giving sufficient information on what the cooperative has done, what it hopes to do for them and telling them frankly its operational problems. The task of informing the members is the responsibility of the cooperative itself.

Member education and member relations activities to be organised by primary cooperatives could also *include organisation of and/or participation in local fairs, Cooperative Day celebrations, Independence Day celebrations* and other such occasions. Societies could raise the money by arranging some competitions and

games and by encouraging the rural community to raise voluntary contributions. On such occasions societies could publicise their achievements and services and distribute admission forms and other cooperative propaganda information literature. Such literature could be produced by the district cooperative unions and further supplemented by other organisations and government cooperative departments. Materials of such a general interest and need could be produced by the State Unions by setting up Central Material Production Units. Primary cooperatives could coordinate their efforts with the local-self organisations and schools etc.

It would be good if the primary cooperatives conduct *pre-membership educational programmes* so that individuals wishing to become members are already aware of the functions and objectives of the cooperative society. A brief orientation programme could be arranged by the primary societies at which the following topics could be discussed in general: the draft byelaws of the society laying special emphasis on the objectives and activities of the society, and the importance of transacting business with the cooperative. Talks at such programmes could be delivered by the office-bearers and manager of the society as well as by representatives of the district cooperative union and the government cooperative department. The Panchayat should also be involved in such orientation programmes.

Cooperatives should also *initiate programmes for the youth*. The main idea is to provide them information on the cooperative form of a business. Such programmes could be developed and operated in collaboration with the local schools, Youth Associations, and Yuvak Kendras. Community development officials dealing with TRYSEM (Training of Rural Youth in Self-Employment) should be actively associated with such programmes.

In addition to this, primary cooperatives should find ways and means of *developing programmes which could interest the women in the village*. Women are the silent partners in cooperative ventures. Although a majority of them are working side-by-side with their menfolk, they still need some opportunity which could enable them to earn some additional money. Schemes in income-generating activities could be developed and initiated in close collaboration with Mahila Samities and other women organisations. Local lady doctors or social workers could be associated with such activities.

Providing Efficient Services

The *loyalty* of members towards their cooperatives is *hinged on to the quality and range of services provided* by the society to its members. If the members are satisfied with the services provided by the society, there is no reason why they should not be loyal to their cooperative. Members' interest should be sustained by creating a good business image by rendering efficient and more interesting services on the basis of the needs of the members. In order to do this a system of finding the needs of the members has to be indentified and applied. This is possible through having personal contacts, frequent informal meetings with members and their family members, regular meetings and informal contacts with village headmen and other social and religious leaders etc.

The business of a cooperative venture also *depends on the type of attitude of cooperative employees* towards their own organisation as well as towards the member. Their efficiency and dedication can be gauged through the quality of accounts they keep, how they handle and keep the merchandise, and how they deal with the member-customers. The premises of the society have to be kept clean and presentable. The services they render should be efficient and *courteous*. Their performance can be improved by sending them for some professional training at the nearby cooperative training centre. They should be made aware of the techniques of reporting on their business and performance to the manager and the manager should know the same techniques of reporting to the managing committee. There is a great need for providing some professional training to the members of managing committee as well as to the employees in order to enable them to take proper decisions. An efficient and well-trained group available at the primary cooperative society would result into a better performance of the institution as a whole. Better services results into a better participation from the membership.

Members of cooperative society should also be made aware of the *need for transacting their business with the society* instead of borrowing from the society and selling their produce to the private trader. A cooperative society which has provided funds and other services to the members in the initial stages naturally expects that the members should undertake resultant transactions with the society itself. This attitude needs correction. The leadership of the society could perhaps deal with this problem in clear

terms at the general body meeting or by holding informal and personal discussions with the producer-members. This is true also with the repayment of loans. Loans have to be returned in time and in full so that more money is available for relending.

The primary credit societies should, therefore, be *reorganised into strong viable units* with offices of their own and paid staff. Local deposits should be mobilised and revolving fund system should be introduced. The activities should be deversified so as to meet all the major needs of people such as credit, supply, marketing and extension services.

General Body Meeting

These are the most important instruments of inculcating democratic tendencies and traditions. *These should be planned ahead*, getting members to help and then carrying out the plans. Area committees should be set up for planning the meetings. The meeting programmes should consist of four basic ingredients: business, information, refreshment and entertainment.

The *general meeting notices should be sent out sufficiently in advance with a list of items to be discussed i.e., the agenda*. Proper information should be made available to the members about the location, time, date and day of the meeting so that the members could make their arrangements for participating in the meeting. Simple visual aids could be developed to explain the statements of accounts, or allocation of profits, or of future programmes. Instructors of the district cooperative union are to be used in developing such simple aids and materials.

The general body should *be convened in connection with some festival or celebration* e.g., Cooperative Day Celebration or an important village fair. Local leaders should be invited to address the members. Some entertainment programmes could be organised with the assistance of the local school. Women and youth of the area could be gathered together to produce some entertainment programme for the members. Local talents are aplenty in rural India.

Effective communication with members should be established through reports, newsletters, special leaflets, meetings, etc. Government officials closely associated with rural development programmes, extension workers of special institutions like the fertilisers companies, seeds corporation, family welfare programmes, etc. could be invited to address the members. The general body

should not strictly be a cooperative affair but it could be a more wide-ranging affair. The general body of members should have the benefit of listening to various speakers and discussing their day-to-day matters e.g., farming, irrigation, household, family welfare, children education etc., with the concerned authorities.

Elections are generally the most interesting part of the general body meeting. These are very sensitive and have to be handled carefully and delicately. *Elections should be conducted democratically.* Nominations should be encouraged. The biodata of the nominated candidates should be presented to the members. An open election should be encouraged rather than going through the secret ballot, as this encourages a better appreciation of the candidate among the members participating in the election process. Election by consensus should be the ultimate aim.

Members should *be informed of the advantages and disadvantages of re-electing a particular individual or a group of individuals over and over again.* The dangers arising out of such activities could be discussed among the members openly. Of course, members will, however, elect their representatives on their own, but proper opportunities should be given to them to make up their mind and exercise their rights frankly and fearlessly.

However, the core of their educational programmes should be geared to their own production and marketing lines. Specialised federations should support specialised educational programmes e.g., apple growing members should receive information and guidance from the marketing federations, the fishermen should receive education and materials from the fishery federations and so on. These federations need not do the education and extension work themselves. They should ask the cooperative unions and training centres to do this for them, and pay for the costs. The cooperative unions should receive funds from the specialised federations to conduct sectoral education and extension programmes. If one expects that the cooperative unions could support the entire cooperative member education activities, it would be a wrong thinking. After all they cannot conduct all the educational programmes from out of the proceeds of the Education Fund that is contributed by the cooperatives. Specialised federations should also institute faculties and programmes at the cooperative training centres to provide training and specialised consultancy in their fields of operations. If all concerned organisations - national federations, cooperative unions and cooperative training

centres - coordinate and collaborate, the Indian Cooperative Movement would not only have a well-informed, well-educated membership soon but also well-trained trainers, employees, and consultants.

Since cooperative institutions are voluntary and non-governmental they assume greater importance and role in the development of their members and rural economy. An enlightened citizen is the backbone of a democratic society. Cooperative institutions provide social and economic services to their members. They not only service the members but also service their families and the community. Properly managed cooperative institutions with full participation from their members in business and in democratic institutions are the *little democracies that operate at the doorsteps of the Indian rural farmer*. These are the little schools or training centres for the people to learn about and practice democratic traditions and to learn the techniques of management on democratic basis. The era of "dependency syndrome" is fading out and even if it is present in some form in some places it is not doing the justice to the upliftment of the rural farmer. *Any amount of aid or assistance given to primary societies or to any institution from external sources tends to weaken the institution more than anything else*. The concept of spoon-feeding is not democratic. It is making people more dependent and lethargic. The primary societies, for that matter, have to learn to stand on their own feet and to plan and manage their own activities in their own ways by adopting their own methods and techniques. External expertise can only provide them with alternatives but not with solutions. *Solutions to their problems have to be found by the institutions themselves*. The leadership of a society knows best what are the needs of their members and they also know how best those needs can be satisfied.

What is needed today in the development of cooperative leadership is the *human resource development* and not providing the institutions with funds or grants which will make them more dependent without really exploiting their own potentials.

Democracy in cooperative institutions in India has been a tradition. *Some of the finer points of democratic traditions have been eroded because of the misinterpretation by some over-enthusiastic cooperative leaders and government officials*. This perhaps is because of political interventions or because of channeling government funds into cooperative ventures. This tendency

can be checked and corrected by Cooperators themselves if they are aware of their own rights and responsibilities vis-a-vis their own cooperative institution. They can perhaps contribute best to the healthy and democratic growth of the cooperative society which is now fast becoming a cornerstone of the Indian democratic traditions.

XV GETTING SET FOR 2000 AD

Our human society is dynamic, and change is development. We have moved forward, probably in the right direction right from the inception of the Movement in 1904. In the process of development there are ups and downs, there is resistance to change, there are mistakes and there are moments when one looks back to find a way to the future. So has been the case with the Indian Movement. The Movement was brought to the Indian scene to provide relief to the poor agriculturist. In this process not only a lot of money was invested but also a large number of people found employment and opportunities of progress. After the Independence of the country in 1947 the development of the Cooperative Movement was integrated in our five-year Plans. Nehru's vision of convulsing India with Cooperation was realised when large programmes of Community Development and Cooperation were introduced. During the '60s the Indian Cooperative Movement was already talking about Cooperative Commonwealth. The '60s also saw the birth of several types of Cooperative institutions at various levels throughout India. The '70s saw the process of amalgamation of smaller agricultural cooperatives into large-size economically viable units with the hope of providing enough farm inputs at reasonable prices and contributing to the national foodstocks and taking care of consumers due to rising prices. The '70s also witnessed the boost in the growth of Dairy and Sugar Cooperative Complexes as well as large production units in fertilizer and petro-chemicals. There were also instances of growth and development in the fields of education, training and research.

The '80s saw the enormous growth in the business of agricultural marketing, oil seeds production and processing, housing, fisheries cooperatives and in other areas.

The Era of Change

The Indian Movement is now set for a change. It has now to enter the new era, the era of 2000 ADs. The change has to

be smooth, careful and with some kind of advance planning. Past mistakes have to be left and forgotten with the 1900s. The Cooperative Movement of India of the 21st century has to be more democratic, self-sustaining and self-responsible. The Movement of the 2000s has to take its own decisions taking advantage of the new technological innovations, methods, techniques and advanced business management methods and styles. This would be a big change — a 'strange' change for a traditional India — a change of systems, methods, approaches, concepts, beliefs and values. For this change it is necessary that advance planning is done to prepare all the concerned parties — members, leaders and employees.

The Movement should be ready for a change, and be willing to change and adapt itself to the changing environments. There should be a readiness for a change. This means planning for change. As a general rule, institutions do not change from within but by the force of external influences. In the case of the Indian Movement there is a strong presence of "external influences" — an unfortunate inability of members to take their own decisions and to run their own organisations on democratic lines, and in accordance with the established Cooperative Principles, norms, values and ethics.

The future of a cooperative depends on a sound judgement based on past experiences, historical developments, current instruments of control, legislation, government policies, and trends in the process of development. Development is not unilateral: It is a cooperative and participative exercise of the users, beneficiaries, and authority. Boards and Committees are not the only key instruments of development, change and planning. Cooperative, as a whole, including the members, is the one which will and which should determine the course of the future. "Cooperatives, that are not only economically efficient but also socially influential will have the most appeal for the new age."

Planning for the New Era

Thanks to the discussions and trends set in motion by some of the futurologists, prospective planners and the International Cooperative Alliance that the Indian Cooperative Movement has already started talking about the shape of things to come after the year 2000 AD. Some serious discussions that had taken place in the recent past have taken note of the achievements of the Indian Movement during the 40 years of nation's indepen-

dence, a balance sheet of the work done during the seven national five-year Plans and what has been projected for the next 20 years and beyond. In some of the recent discussions it has been brought out rather clearly that the Indian Cooperative Movement is now poised for a big leap although apprehending that the member - a focal point - would continue to remain blurred. The business would grow very complex, the management would get more professional and highly technical but the inflow of funds and business from the members would shrink considerably because of their inability to contribute adequate funds to operate large cooperative business organisations. It is obvious that cooperative business of the future would not only grow to become complex but would also demand huge sums of money to keep it going, and it is now realised that members of cooperative organisations come largely from the working class, where capacity to raise capital is very limited. This compels the cooperative to confine its activity to the fields of distribution, credit, housing, insurance etc. Some problem exists in highly technical industrial enterprises. Because of the limited financial capacity of members, it is impossible for a cooperative society to secure the services of highly qualified technicians, managers and other experts, without whose assistance a modern large-scale industry cannot be run smoothly, successfully and efficiently.

For a situation as it operates in India, Cooperation has a real and inherent limitation to become a successful and an efficient instrument for achieving a full-scale social and economic development.

In view of the limited capacity of the individual members to contribute enough resources - financial and technical personnel - to the proper development of a cooperative business it is logical that the assistance or participation of the State is inevitable. In times to come it seems to be a reality that State partnership and thereby State control would continue to dominate the Indian cooperative scene. However, this participation "should be" a positive one. The role of the State for the success of cooperation has to be properly defined. "In some countries where the government wishes to assist, it also wants to control; or it may be so anxious to promote cooperatives, it smothers them with so much help that they never develop self-reliance". The State should endeavour by all possible means to make Cooperation based on an effort which must be integrated, coordinated and organic; and State assistance, participation and partnership must

be so adjusted as to retain the essential character of the Cooperative Movement as the people's Movement making the Movement sound, strong and effective, in its action and results.

Whatever had been the problems within the Movement during this century, the 21st century should aim at, rather sincerely, on the following core elements:

- strengthen the primaries as a precondition to restructure and reconstruct the Cooperative Movement;
- revitalise the dormant cooperatives by going deeply in the causes of their failure and dormancy, and trying to correct those faults so that they do not get repeated in future;
- realistic plans, programmes and facilities be created to develop and expand cooperative education and training facilities in the country so that more and more people get exposed to education and training in the shortest possible time;
- strengthen communication infrastructure between the members and their cooperatives, and among the cooperatives themselves by devising ways and means which lead to the availability of better information on business matters to each other;
- inculcating among the cooperatives the spirit of sharing information between them and their members;
- creating infrastructure for the primary cooperatives, largely at the initiative of cooperative business federations providing them with business and management consultancy and advisory services, so that the business operations are sound and logical;
- creating awareness among the general masses about the utility and advantages of cooperative business so that more people get into the fold of cooperative membership;
- developing programmes at the primary level so that more women, youth and less advantaged groups take advantage of the services of these cooperatives.

Some of the major problems faced by the Cooperative Movement have also been: (i) the very high overdues; (ii) inability of peasants to pay back their loans because their incomes were

too small and dependent on the monsoons; (iii) continuing presence and influence of middlemen and money-lenders because old debts had to be repaid, and the member-farmers could not find any other alternative; (iv) cooperatives have been unable to respond to and satisfy the needs of their members because of the small size of these cooperatives and their ultimate dependency on a variety of lending institutions; (v) low level of management by cooperatives; and (vi) low level of training in management techniques to the members of managing committees leading to an inadequacy of control on managers and other business units.

It can now be inferred that participation of members in the affairs of their cooperatives has been extremely low. Enhancement of participation is solely based on the awareness and education of members about the role and objectives of their cooperative institutions. There has been a wholesale erosion in the values of Cooperation and which produced a gamut of factors thus pulling the members away from their appreciation of their own cooperatives. The Cooperative Movement of the future should, therefore, assess the past practices and plan for a better future.

Taking stock of the achievement of the Indian Cooperative Movement during the seven Five-Year Plans, the following factors should be taken into consideration:

- In the context of India, the relevance of the Cooperative Movement has always been on a priority list of the government;
- The Cooperative Movement has been able to provide relief to the rural poor in various sectors e.g., agricultural credit, processing, warehousing, seeds, fertilisers, land development, irrigation, housing, rural infrastructure building, education and training, and several others;
- The Cooperative Movement has been able to provide to the urban populace and wage-earners services in the field of thrift and credit, insurance, housing, transport, consumer goods, consumer protection, and other general services;
- The Cooperative Movement has been able to train people (rural and urban) in the methods and techniques of operating democratic institutions to whatever extent it was possible;
- The Cooperative Movement has been able to respond to the demands of advanced technological advancement in

the field of management, production, distribution and information;

- The Cooperative Movement has been able to provide some support to the weaker sections of the society in generating additional income, family welfare programmes, improving personal environments etc.

Forms and Size of Cooperatives

India has tried various alternatives as to the size and forms of cooperatives. Just after the Independence one-village-one-cooperative was the theme, then came the collective and cooperative farming, and during the '70s we witnessed the development and growth of large-size agricultural cooperatives, development of secondary level and national level cooperative business federations. The membership at the base increased tremendously. We also witnessed the growth of largesize wholesale cooperative stores from the good old corner-side small consumer cooperative shops. In the States of Gujarat, Maharashtra and Tamil Nadu we also noticed very large cooperative housing societies developing lands, constructing houses and servicing them.

During the '70s we also witnessed an interesting development - amalgamation of smaller cooperatives into large-scale agricultural cooperatives with the argument of making them more viable so that they could service the member by achieving credit linkages in marketing and processing. It was stated that small cooperatives cannot provide adequate funds and personnel and, consequently, good services. A majority of cooperatives, in the beginning stages, were run by the honorary workers. The government supported the concept of developing large cooperatives by combining some of the nearby cooperatives and by providing them with some kind of subsidy in the form of personnel, salary supplements, cost of office buildings, providing them with warehousing facilities and so on.

We also saw the initiative taken by the government through the NCDC to improve, modify, enlarge and further strengthen the infrastructure of rural cooperatives by developing and offering various programmes e.g., linking of producers and consumers, marketing and processing cooperatives, staff management training programmes, etc.

In view of the gradual increase in the general membership, changing face of the cooperative business world, influx of improved

internal management techniques, high level of diversification taking place, and to keep pace with the general market trends, it is logical that a combination of the two would be extremely necessary e.g., at the rural level small cooperatives to serve their members whereas at the secondary and national levels the cooperative business has to be performed on a collective basis. There would be a need for centralised business decisions and operations. It is better to take centralised business decisions by one federation rather than taking various and different decisions on the same subject by many of the small cooperatives. So, the village cooperatives would continue to provide logistic support and service to the members on socio-economic aspects while the main business of these cooperatives would be performed in accordance with the centralised business decisions taken by their respective federations. Taking great care, however, that the primary cooperatives do not get reduced to mere branches of their federations.

This would also be relevant since the federations would be able to negotiate with the government and other authorities on matters of principles and policies which would be extremely difficult for the small cooperatives to do on their own. The advantage of this approach would be that the key elements of the cooperative would continue to remain aligned with their cooperatives i.e., the members would continue to participate in the socio-economic and structural functions of their cooperatives.

'Small is beautiful' would be the corner-stone of the 21st century. Small cooperatives with fewer members and staff would be able to look after themselves better without involving themselves with highly technical methods of business operations. Large organisations need to give a great deal more attention to education and communication with members. This bond between cooperatives and members must not be allowed to weaken just because of the growth.

Technological Development and Impact on Cooperative Management

During the past few years we have seen in India tremendous changes taking place in medium and large-size cooperative organisations. Their managing committee meetings are becoming more professional, newer methods are being employed in maintaining the accounts and other records of their business operations, new methods are being employed in handling commodities,

improved working conditions are being used in handling personnel and members of cooperative institutions, stronger and more frequent demands are being made on the training structure to provide more professional business training, and demand for training and educational materials is increasing. It has also been noticed that leaders and planners are now talking about the future and taking note of the past experiences. These are good signs of development, and these are the direct effects of technological changes taking place within the society. But still a lot more needs to be done.

What we strive for in the next 20 years is to achieve a facelift to the total working environment within a small cooperative. Instead of great volumes of paperwork there would be lesser time spent on maintaining accounts and keeping track of business operations. This could be possible only by making the general membership more active and responsive to the changing environments. They should be exposed to simple methods of management and communication. They should be trained to become leaders. They should be able to understand the 'value systems of the cooperative enterprise' and distinguish it from a private or corporate business operation.

Already a number of large-size cooperatives in various parts of India have employed computers and simple business and office machines in order to have better and more active communication with their members. Many of the small cooperatives now can be reached over the telephone. This trend would continue to develop in view of the enhanced communication facilities in the country. Effective communication is the foundation of an efficient and profitable business.

However, we notice that the growth rate of the Indian economy, on the whole, has been rather slow. The growth rate rose from about 3% in the '60s to little over 4% during the '70s and an average of 5% during the last seven years. During the 7th Plan this should have been 8%, but we could achieve about 6.3% during the first year of the 7th plan. The chances of improvement are rather slim in view of the extended drought conditions in the country. It is quite possible that we might level up to 6% growth rate during the total duration of the 7th plan. Adverse climatic conditions, high cost of production of farm inputs, lethargic conditions in the infrastructure, and the low participation of members in the cooperative structure, perhaps

make it extremely prohibitive to the overall growth rate to go up significantly. Increase in population, high non-Plan expenses and other politically-influenced factors might also contribute to this high cost economy. Another factor could be the highly protected atmosphere to the Indian industry.

Another important aspect which perhaps slows the progress of the Indian Cooperative Movement is the extremely high ratio of overdues. The inability of lending institutions and cooperatives to recover the long and huge overdues adds to the confusion. This is one aspect which is killing the Movement inspite of the heavy financial contributions made by the government.

Advanced methods have to be employed, if the Movement of 21st century has to make any headway. The first step should be to reduce the overdues by (i) an intensive and broad-based member education; and (ii) by placing responsibility on lending institutions and recommending cooperatives on recoveries. A slave cooperative is no pride for its members. If the minds of the members are closed to the realities there is no point in providing more credit to such cooperatives and members. High overdues are also due to the low level of management at various levels. Coordination between the bank and the cooperative has to be strengthened and improved methods of feedback have to be introduced. Management of a cooperative should strictly be in the hands of the cooperative itself. It should only receive technical and official support from the government as well as from the lending institutions.

Management of cooperatives should be trained in such a way that they are able to communicate effectively with the members. The most successful managers are those who are able to communicate effectively with the members as well as with the cooperative leaders. Management should not be influenced by other and external factors e.g. the government or the lending institutions. If a loan is given for 12 months, it should be returned to the cooperative after the 12 months, and that is all. It should be a businesslike approach, no concessions and no viamedia or influences through some political parties or personalities.

A cooperative institution has its own personality. This personality should reflect (i) the main aim and objective of the cooperative; (ii) philosophy and ideology of a cooperative institution; (iii) self-less approach of cooperative leaders; (iv) service motive of the cooperative towards its members; (v) loyalty of members

towards their cooperative; (vi) participation of members in the organisational structure and business operations of their cooperative; and so on. Basic pillars of a cooperative structure are: (i) self-determination; (ii) self-administration; and (iii) self-responsibility. A delegation of responsibilities to federal bodies on a higher level must take place only so long as and to the extent that this promotes the interests of the Movement. In this connection, a report of the ICA says: "The collaboration of all members must be achieved through an unambiguous, uniform, elastic organisational framework. The legal structure of the Movement must be that which is most useful for the attainment of its aims. Naturally, the *democratic character* of the Movement must be maintained as an inalienable principle." Although the Movement should take its own decisions and employ newer methods of technological methods and controls, the Movement should not refuse and be averse to government assistance and participation so long as it does not infringe their independence.

As has been discussed elsewhere, the participation of government in cooperative organisations came through providing support to some of the activities of the Movement, but, unfortunately it ended up on controlling these cooperative organisations. Earlier it was a matter of pride for a cooperative organisation to write on their signboards "an organisation owned, controlled and run by the members", but today we find in almost all parts of the country brightly illuminated neon signboards reading. "The Cooperative Store Limited — A Government Enterprise" Whether it is a matter of pride and pleasure for the "members" is, of course, another story. We already see the reducing distinction between a cooperators' enterprise and a government enterprise. It is not so difficult to imagine the state of the Cooperative Movement in the next 20 years. India is not the only example of such a development.

Some of the causes of government involvement in Movement in developing countries can be: (i) lack of Movement's financial and trained resources; (ii) recognition by the government that the Cooperative Movement is a grassroots movement and thus be helpful in the implementation of national economic development plans; and (iii) political parties' perception of the Cooperative Movement as an institution which can enhance their own political position and image if the Movements can be manipulated to their own party gains (loans to farmers, creation of processing facilities in constituencies). It is an irony of fate that the above

mentioned factors also apply to several segments of the Indian Cooperative Movement. If the members of cooperative institutions continue to remain out of the influence of their own cooperatives, then 'anyone' could control and rule such cooperatives. Whatever technological innovations we may make in improving and enhancing the business of cooperatives, it would be illogical if the members are not allowed to influence the policies and decisions of their own cooperatives.

Changing/Developing Means of Communication

It has been pointed out earlier that the responsibility of being a good member remains the responsibility of the member himself, and everyone says and advocates that the member should participate in the organisational structure and business operations of their cooperative. This has been the case until now, and if no fresh thinking is done on this issue, this situation would continue to exist even in the future. It should, in fact, be the cooperative which should be responsible to communicate with the members; it should be the cooperative which should provide all possible information to its members by adopting various means of direct communication, personal contacts, newsletters or other means. The process of communication between the cooperative and its members is best found in Japan, Sweden, Great Britain.

A cooperative organisation should have its own channels of communication with its members. General body meeting is an ideal forum through which a lot of useful and meaningful information could be given to the members, but, in practice, as today, it gets converted into a mere social function, and the key issues get pushed into background. At the general meeting, if properly conducted, the members could be informed, step-by-step about the various points made in the audit report, Chairman's or Secretary's report, balance sheet, programmes and activities. Members' views could be solicited by the leaders on the future programmes and activities of the cooperative, and new leaders could be picked up from among them to run the business of the cooperative in a proper and democratic manner. It should be a frank and open forum for all - the cooperative management and the members.

Similarly at the national level, or at the policy-making level, cooperative institutions should be actively consulted and their views taken into consideration while developing plans and pro-

grammes. In the context of India, for instance, where the size of the Movement is quite sizeable, it is appropriate that a member of the Indian Planning Commission should come from the Movement.

Another important means of communication is the educational and training structure of the Movement. Cooperative training centres/colleges are the excellent centre-points through which communication between the government and the Movement could take place more easily and effectively. However, in this context, the character of cooperative training institutions has to undergo a drastic change - from mere education centres to full-scale management professional institutions of distinction. Their present role is more of training organisers rather than training institutions. Their infrastructure has to be upgraded; faculty members have to be intellectuals picked up from among the well-known professionals; library and documentation services have to be upgraded and expanded so that they become real 'data and information banks'. Training colleges should be able to dominate the total cooperative research and training sphere by providing instant information and documentation services to all cooperative scholars, planners and professionals. Cooperative training structure should be able to develop a large-scale 'case study bank' which could provide the trainees with readymade materials thus making the instruction more permanent and functional. These training institutions should develop closer working relationship with the staff management training centres of the industry.

All cooperative training centres and colleges should be within the fold of the Movement, a responsibility of the Movement to run and operate them. Looking at the history of cooperative training in the country the developments have not been too disappointing; the training structure moved from the Reserve Bank of India to the National Cooperative Union of India and now we notice that some of colleges in the country have been transferred to the state cooperative unions, Recently there was a discussion even to disband the National Council for Cooperative Training (NCCT) and thus placing all the cooperative training colleges under the charge of the Cooperative Movement itself. The decision has since been reversed - probably a sad moment for the independence of the Movement! It is matter of time that the coming 20 years will see the total transfer of training structure to the Movement itself. The Government will, of course, continue

to make the needed funds available to the Movement and the Movement will also supplement funds from its own resources.

The Relevance of Cooperative Education

In the earlier chapters it has been discussed in great length about the cooperative member education programme in India. If such a programme is to be continued in future, very little impact of such an exercise would be felt on the Movement in the 21st century since the coverage of membership under the programme would continue to be very small. The Indian Cooperative Movement has demonstrated a strong and large-scale enrolment of membership during the last 10 years. The NCUI and the state cooperative unions have been conducting member education programmes with whatever little resources they could get. This is not enough. A new approach has to be developed.

Member education, in the first instance, should be called Management Extension. Secondly it should be primary level based. Thirdly, it should be organised on a 'self-help' and 'self-financed' basis. Fourthly, the state and national level cooperative business federations should come forward to contribute to member education/management extension programmes (since they transact business with their members and these members have the right to receive some developmental inputs from the profits earned by these federations). Fifthly, cooperative unions should develop and make available a variety of proto-type educational material. •

Government has contributed to cooperative member education and employees' training in various ways since it is the government's responsibility to support all types of educational and training programmes. Adult education is the obligation of the government, and cooperative member education is a part of this exercise. Cooperative institutions should take upon themselves the task of educating and training their members and employees. *All member education programmes should be society-based.* It should be the responsibility of the cooperative itself to educate its members and to communicate with them. They should be able to set up their own education units with their own funds and resources. The role of the NCUI, state and district unions would be mainly advisory and supportive. They would develop central advisory services, plans and materials for the primaries. They would develop strong and broadbased trainers' training centres where

training in **Management Extension** would be provided. *It should not be a pure cooperative member education but it should be management-oriented member education.* Members do not need philosophical inputs today; they need professional and management information so that they are able to understand the working of the cooperative business e.g., they are able to understand the balance sheet, they should be able to ask correct questions relating to the audit report, they should be able to understand the role of the manager vis-a-vis the managing committee and the members etc. Each primary cooperative society should be able to have at least one educational secretary who should have the logistic support from the cooperative e.g., educational budget, education programme and all the operational support. The most relevant example is the work done by the former ICA-NCUI Project in Indore.

in some of the instances in India such a beginning has been made. The IFFCO, for instance, has come forward to institute a faculty chair at the VMNICM to provide a good support to management development programmes. The IFFCO and KRIBHCO have implemented, with a considerable success their extension programmes which combine marketing with education and extension. National federations and large cooperative organisations have to come forward to take over such responsibilities. Some of the suggested aspects are:

- Sectoral training arrangements rather than concentration of all the training programmes at the NCCT or College level. The NCCF, Fisheries Federation, Sugar Mills and their federation, milk cooperatives etc could further develop their training activities specialising in their respective areas;
- A central coordinating agency at the national level to:
(i) monitor the needs and requirements of the Movement; (ii) to survey the training needs and training facilities in the country; (iii) to take stock of needs and requirements of individual members, cooperatives and federations; (iv) to identify the sectoral needs; and (v) to suggest a coordinated national, state and district level plan of action;
- A central organisation within the cooperative sector to look after the training and development needs of the employees; their induction training; on-the-job training; their selection and career planning activities; their job descriptions and their job security;

- A coordinated plan of action under which all the business organisations and federations conduct their own sectoral training programmes, designing of curricula and syllabi, training materials and identify and use of resource persons;
- The NCUI should concentrate on: (i) propagating ideological aspects of the Movement; (ii) developing promotional programmes; (iii) highlighting the cooperative research problems and undertaking research programmes; and (iv) developing proto-type cooperative educational and training materials.
- The NCUI (and the NCCT) should further strengthen the role of cooperative training colleges so as to convert them into institutions of higher learning. The facilities including the faculty members of cooperative training colleges should be made available to all the sectoral cooperative business federations in conducting their own training programmes. These colleges should give the foundation courses while the professional courses would be conducted by the professional sectoral federations.

There are at present approximately 1.5 million personnel (both Government and Movement employees) in the country. Although a majority of them are the employees of the Movement, yet the control of the government on them is evident from the fact that even the national level federations have to obtain the clearance of the government-constituted Panel Authority to recruit their key personnel. The Government of India has set up a Panel Authority at its level to recruit key personnel for the national level cooperatives as per the provisions of the Multi-State Cooperative Societies' Act. It has been recommended to the State Governments to set up similar 'recruitment authorities' at State levels. In some States, Cooperative Commissions have been set up with senior officers from the Department heading them, for recruiting all cooperative employees including those of village cooperatives.

The education and extension programmes should also use techniques of distance education so that a larger number of people are educated in the methods and techniques of Cooperation. An extensive exploitation of audio-visual media eg. TV, video, films, attractive information leaflets, could also be adopted.

In the context of the importance of members education in developing democratic tendencies in cooperatives, the recently-held ICA Asian Regional Consultation Meeting (in Singa-

pore in June 1988) stated thus "The Consultation was of the opinion that the *main strength of the Cooperative Movement lies in the membership who have the right and the duty to elect competent people* to board of directors. In view of this the Consultation suggested that it was essential that a *massive programme of education of members and their elected leaders* must be carried out by Cooperative Movements and governments should render needed assistance for the purpose."

Role of the ICA

While discussing the role of the government and the Movement in promoting further a popular participation in cooperatives, it is good to have a look at the role which the International Cooperative Alliance could play in supporting the efforts of the Indian Cooperative Movement. By taking advantage of the presence of the ICA in India, the Indian Cooperative Movement could benefit from the services of the ICA Regional Office. Some of the major activities of the ICA in India could be:

- to assist the Indian Cooperative Movement in impressing upon the Government of India of the need of conforming the existing Cooperative Laws to the internationally recognised Principles of Cooperation;
- to create favourable climate for the Indian Cooperative Movement to manage its own affairs by taking professionally-sound, economically-viable and independent business decisions;
- to impress upon the Indian Cooperative Movement of developing a highly motivated and well-trained cadre of leaders who believe in the ethical and moral values of a cooperative enterprise;
- to impress upon the Central and State Governments the need of reducing government controls on cooperative institutions and to gradually de-officialise the Movement wherever such a situation persists;
- to provide ready information and reference services;
- to provide information and expertise in new methods and techniques in strengthening Cooperative organisation in India;
- to make available information on causes of achievements and failures of other Cooperative Movements in various sectors elsewhere;

- to develop a 'Regional Information Centre' on materials and documents and assist the Indian Movement in duplicating such a Centre;
- to develop programmes to provide Management Extension support to some selected primary and secondary cooperatives on an experimental basis;
- to provide information and expertise, and, if possible, funds, in developing suitable programmes for the youth and women;
- to assist the NCUI in helping develop project proposals for obtaining technical assistance from external sources in some critical areas.

In accordance with its role of promoting cooperative ideology among its affiliates and Cooperators all over the world, the ICA had recently provided some food for thought and a line of action. This is done by generating a high-pitch discussion on Cooperative Values. In the words of the President of the ICA: "I believe we can identify the following values as having an important bearing on cooperative development now and in the future:

- Self-help values (activity, creativity, responsibility, independence, "do-it-yourself")
- Mutual help values (Cooperation, unity, collective action, solidarity, peace);
- Non-profit interest values (resource conservation, elimination of profit as a driving force, social responsibility, utilitarian goals, "not profiting from others work");
- Democratic values (equality, participation, "equity");
- Voluntary-effort values (commitments, creative power, independence, pluralism);
- Universal values (global perspectives, openness);
- Educational values (knowledge, understanding, insight etc);
- Purposeful values (benefit to members etc.)"

These values are of **extreme** relevance to Indian conditions since we notice a **steep decline** in values and ethics in our Movement. We find a **gross loss** of democratic values, indepen-

dence of cooperatives in appointments of their senior officials, the falling morals among cooperative leaders and a high level of political colouring on the cooperative fabric. All these need to be corrected in the Movement of tomorrow if cooperatives are to be "the Cooperatives" of 2000 AD.

Some Thoughts on Cooperative Development

In conclusion, the following paragraphs from a Swedish publication "Towards 1990 and Beyond" would be most relevant even for the Indian Movement: The first are the famous words of the Rochdale Pioneers, when they formulated the introduction to their Charter in 1862, looking back on their activities:

"What Cooperation *has* achieved is no measure of what it *can* achieve."

This is equally valid today, just over a century later, even if much has already been achieved in a material sense. In the future, new problems and needs await new cooperative solutions.

Our second citation comes from Mauritz Bonow, a prominent Swedish Cooperator for close to half a century and among other things, many years President of the International Cooperative Alliance. It is a quotation taken from a KF Congress around 1950, when Bonow presented a committee suggestion about education and membership:

"With an enlightened and active membership we can face the future with confidence; this will enable us to bring about, through a gradual development of the Cooperative Movement, an economic democratization of the community and to make our contribution to the work towards a higher economic and cultural standards for the entire population.

If member interest wanes, if the members' ability to take initiatives and their capacity for self-help within our organisations disappear, then we will be in imminent danger of losing our character of Popular Movement. That would mean an *erosion of the very foundation upon which all our activities are built*. In that case, the Cooperative Movement would perhaps be an efficient business organisation, a type of enterprise among others, but no longer a self-help Movement, an applied economic democracy in vital areas of commerce and industry. It would no longer be an instrument "of the people—for the people—through the people".

Education, information and an active membership are quite inseparable; also an eternal truth.

The third quotation is from W.P. Watkins, well-known English Cooperator and one time director of the International Cooperative Alliance:

“The true problem is not the preservation of cooperative institutions, as they have been or as they are, but the application of essential Cooperative Principles in appropriate forms for contemporary circumstances. The challenge is not only material, but intellectual. The history of movements, as of nations and civilizations, is the story of their success or failure to rise to the challenge which confront them as the generations and centuries roll by.”

To be able to re-evaluate the cooperative forms of enterprise and to do this in terms of the basic Principles of Cooperation, is a great challenge, as we face the future. The ability to do this will be decisive for the Cooperative Movement’s capability of developing cooperatively, that is, with a preserved and developed cooperative identity.

Our final quotation is from Alex Laidlaw, Canadian Cooperator and author of the famous report “Cooperation in the Year 2000”, for the International Cooperative Alliance Congress in 1980.

“Of one thing we can be quite certain: cooperatives will be obliged to operate in a world that is largely not of their own making. But this is not to say that people working through cooperatives cannot help to make the future, for indeed this is the central purpose of the Cooperative Movement: to help make a different and a better kind of world. The history of the future has not been written, and cooperators must be determined to have a hand in writing it. In short, cooperators can be active participants in the planning, and indeed creators, of the future, if they only have a mind and a will for it.”

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PLEDGE BY THE MEMBER

I,, as a member of this Cooperative Society, hereby pledge that

1. I uphold the sovereignty and integrity of the Republic of India,
2. I believe in the byelaws of my Cooperative and hereby undertake to abide by them,
3. I shall read the byelaws of my Cooperative myself (or have them read to me) once again carefully and thoroughly,
4. I shall participate in the organisational and business activities of my Cooperative
5. I shall exercise my right to vote judiciously, freely and frankly without any pressure, suggestion, fear or favour from anyone else,
6. I shall make use of the services of my Cooperative for enhancing agricultural production and to improve my own standard of living,
7. I shall repay my loans in time and in full so that I am able to borrow again from my Cooperative,
8. I shall participate in all the educational and training programmes organised by my Cooperative from time to time,
9. I shall maintain cordial relationship with the management and employees of my Cooperative,
10. I shall work to further enhance the goodwill of my Cooperative.

**PLEDGE BY THE BOARD OF DIRECTORS/
MANAGING COMMITTEE**

We, as members of the Board of Directors of this Cooperative, hereby pledge that

1. We uphold the sovereignty and integrity of the Republic of India,
2. We believe in and conform to the byelaws of our Cooperative and hereby undertake to abide by them,
3. We shall study the byelaws of our Cooperative (or have them explained to us) once again carefully and thoroughly,
4. We shall participate in the organisational structure and business activities of our Cooperative,
5. We shall convene and conduct the Annual General Meeting in time, and produce the agenda and make it available to all the members of this Cooperative well in time,
6. We shall explain the Audit Report, Statement of Income and Expenditure, and the Balance Sheet to the members at the Annual General Meeting,
7. We shall follow-up the recommendations and remarks made in the Audit Report immediately after the Annual General Meeting,
8. We shall listen to the Manager first before taking any business decision in our Board meeting,
9. We shall develop a schedule to make the loan repayments to the Bank and to the Government and try to stick to it,
10. We shall develop a system of controlling the assets and liabilities of our Cooperative,
11. We shall make use of the properties of our Cooperative for the benefit of the community and not for our own personal use and gains,
12. We shall develop programmes to provide additional services to the community within the area of operation of our Cooperative,
13. We shall remit the due amounts towards Cooperative Edu-

cation Fund to the Cooperative Union at once in full and in future, in time,

14. We shall conduct member education programmes and develop training and development programmes for our employees,
15. We shall develop a channel to receive suggestions from the employees and from the members of our Cooperative,
16. We shall produce and follow a system of providing incentives/promotions to our employees and to further improve their working conditions,
17. We shall produce and assign specific Job Descriptions to all our employees and office-bearers,
18. We shall develop good working relations with the Department, Cooperative Union, local government and other social and other leaders within the area of our operation,
19. We shall encourage women and youth to participate in the management of our Cooperative,
20. We shall do whatever we can to improve the goodwill of our Cooperative.

PLEDGE BY THE EMPLOYEE

I,, as an employee of this Cooperative Society, hereby pledge that....

1. I uphold the sovereignty and integrity of the Republic of India,
2. I believe in and conform to the byelaws, rules and regulations of this Cooperative and hereby undertake to abide by them,
3. I hereby agree to abide by the 'Principle of Reporting',
4. I shall honestly and truly report on my work and performance to my immediate superiors,
5. I shall develop good working relationship with the management and members of this Cooperative,
6. I shall use the properties of this Cooperative for the official use only,
7. I shall work to further improve the goodwill and business of this Cooperative.

HOW TO IMPROVE THE PERFORMANCE OF A COOPERATIVE

1. The management should have a good knowledge of cooperative laws, cooperative rules and regulations.
2. The management should have a good knowledge of the byelaws of the Cooperative and its aims and objectives.
3. The management should have a proper office system.
4. The Board of Directors/Managing Committee should prepare and follow proper job descriptions for all functionaries and employees of the Cooperative.
5. Proper maintenance of books of the Cooperative e.g., Accounts, Minutes, Members' Register, Bank Documents.
6. Operating all the accounts through the bank only.
7. Proper control of the assets and liabilities of the Cooperative.
8. Regular stock-taking, inventory control, and contacts with all business units ensuring a full, accurate and honest reporting.
9. Preparing and maintaining a schedule of loan repayments.
10. Maintaining a cordial dialogue with the Manager and all other employees of the Cooperative.
11. Follow-up the recommendations/remarks/suggestions made in the Society Audit Report.
12. Calling Members' General Meetings and the Board Meetings regularly and in time by giving adequate and required notice and agenda to the members.
13. Contributing regularly and in full the Cooperative Education Fund to the Cooperative Union.
14. Arranging self-help and self-financed member education programmes with the help of the Cooperative Union and the Cooperative Department.
15. Identifying training needs and having the concerned people trained.
16. Proper relationship between the employees and the management; between the members and the management.

**HOW TO IMPROVE THE PERFORMANCE OF
A MEMBER IN A COOPERATIVE**

1. The members should have an adequate knowledge of the byelaws of the Cooperative and its aims and objectives.
2. The member should be aware of their rights and duties and those of other officials of the Cooperative.
3. Education and training in understanding the Balance Sheet and Statement of Accounts of the Cooperative.
4. Getting acquainted with the services offered by the Cooperative and making a good and proper use of them.
5. Asking for more services from the Cooperative and be willing to pay for them.
6. Making suggestions, asking questions and seeking clarifications from the management.
7. Understanding the importance of agenda, audit report and the cooperative annual report.
8. Understanding the importance and implications of voting at the Annual General Meeting.
9. Active participation in the business of the Cooperative.
10. Active participation in the organisational structure of the Cooperative.
11. active participation in all the Annual General Meetings of the Cooperative.
12. Giving proper opportunities to all sections of the community to participate in the cooperative business.
13. Coordination and collaboration with Farmers' Groups and Key Members of the Cooperative.
14. Encouraging the women and the youth to take a more active interest in the Cooperative activities and management.
15. Visiting neighbouring cooperatives for exchange of experience.

**HOW TO IMPROVE THE PERFORMANCE OF
AN EMPLOYEE IN A COOPERATIVE**

1. All employees should receive their job descriptions duly approved by the Board of Directors/Managing Committee.
2. All employees should receive a proper orientation about the objectives and activities of the Cooperative.
3. All employees should report truly and regularly to their respective superiors who should communicate these reports to the Board of Directors/Managing Committee.
4. All employees should be trained so that they achieve a proper skill and knowledge about their specific and assigned tasks.
5. All employees should adhere to the principle of 'responsibility' and 'reporting'.
6. The performance of each employee should be assessed periodically and the employee concerned should be encouraged for a better performance.
7. Better service conditions should be created and sustained for all the employees of the cooperative.
8. All employees should be free to make suggestions to the management for improvement.
9. Employees should use the properties of the cooperative for official purposes only.

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Daman Prakash is a consultant on Rural Institutions Development, Human Resource Development and Cooperative Development currently based in Delhi; until recently Chief Technical Advisor of the ILO-Swiss Cooperative Management Training and Member Education Project for Rural Cooperatives (KUD) in Indonesia; ILO Advisor (Training Management) of the ILO-UNDP Cooperative Training Project in Indonesia; Technical Advisor of the ICA-SCC-NCC Cooperative Teachers' Training Project in Sri Lanka; and for a long time with the ICA Regional Office for Asia as its Cooperative Education Officer and Publications Officer. A total experience of 30 years in the cooperative development sector. Author of several publications and technical papers, notable among them being 'Communication and the Cooperative Teacher', (ICA); 'Teaching Aids' (ICA-CEMAS); 'Cooperative Democracy vis-a-vis Members' Education' (COOP TIMES); Training package on Cooperative Member Education (ILO-UNDP Indonesia).

COOPERATIVE DEMOCRACY VIS-A-VIS MEMBERS' EDUCATION

The book *Cooperative Democracy vis-a-vis Members' Education* deals with a very vital issue where members hold the key to the democratic management of a cooperative institution. The responsibility of making cooperatives more democratic rests with the cooperative institution itself rather than blaming the members of not participating in the economic and social operations and structures voluntarily. Members, as owners, give powers to the management of their own cooperative to carry on the business of the cooperative in accordance with the broad policy guidelines given by them, but then the execution of these policies should be based on certain values, ethics, norms and principles, which are the key pillars of cooperative democracy. The book treats this subject in a systematic manner using the conceptual aspects, historical developments, and operational practices.

The book takes note of the phenomenal growth in the number of cooperatives and their membership and the business operations of the Indian Cooperative Movement over the last 80 years, and traces the developments and problems encountered in various schemes of members education. This giant Movement of the world suffers grossly on account of a gross negligence of members' development. The concept of 'self-help' and 'self-financing' in the field of members' education is sadly missed. The development of dedicated leaders is lacking. The resources are extremely inadequate, and the extension and education personnel, wherever they are, lack initiative to cope up with the demands of the local initiative. The book places a strong emphasis on the role that a cooperative institution can and should play on the participative aspects of the members. It also advocates the educational, training and developmental roles that the apex business federations should play in order to prepare the Movement to face the challenges of the 21st century. The book also touches on various values in cooperatives - a 'high-pitch' discussion generated by the International Cooperative Alliance in these recent times.

Some of the key chapters of the book are: Meaning and Significance of Cooperation; Elements of Democracy in Cooperatives; Democratic Character of a Cooperative; Problems of Cooperative Democracy; Need for Emphasis on Education in Management; The Need for Member Education; Constraints of Rural Development; Education for Democracy; Cooperative Education and Democracy; Making Cooperative Democracy Effective; and Getting Set for 2000 AD. The book also carries a comprehensive select bibliography, and a number of illustrations.

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