



Cooperatives, Climate Change & Food Security

COOPERATIVE ENTERPRISES BUILD A BETTER WORLD



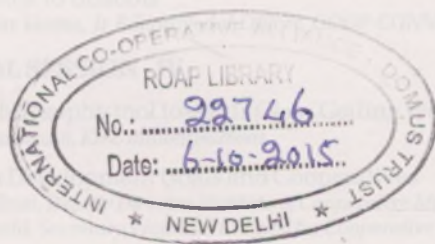
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Cooperatives, Climate Change and Food Security

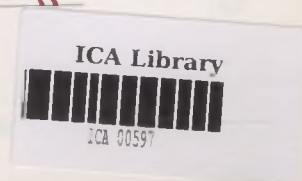
A Seminar Organised by
ICA Committee on Cooperative Research
for Asia-Pacific

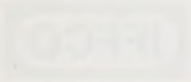


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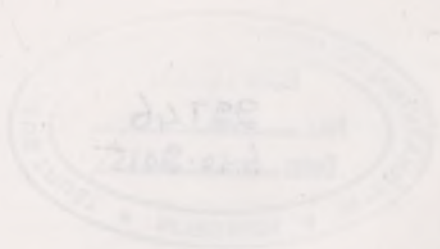
COOPERATIVE ENTERPRISES BUILD A BETTER WORLD





Cooperatives, Climate Change and Food Security

A Series Organized by
ICR Commission on Cooperative Research
for Asia-Pacific



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Preface

I am happy to know that the ICA Committee on Co-operative Research for Asia-Pacific is organizing a Regional Research Seminar at Bhubaneswar, Odisha, during 23-24 July, 2011. On this occasion, I would like to express my sincere appreciation for the Committee, especially its Chairperson Dr. G.N. Saxena of Indian Farmers' Fertilizer Co-operative and Prof. L.K. Vaswani, Pro VC of the School of Rural Management of Kalinga University for their efforts, enthusiasm and hospitality to make this seminar happen in India. I am also thankful to Dr. A. Samantha, founder Chairman of Kalinga Institute of Technology (KIIT) and Kalinga School of Social Sciences. (KISS), who agreed to inaugurate the seminar.

Greatly, the theme of the seminar was Activities and Initiatives by Co-operatives on Food Security and Climate change and Millennium Development Goals of the UN, with special reference to Empowering Women and Youth.

I am sure that the presentations will be accepted enthusiastically at the seminar and very good discussions will take place, and definitely will be beneficial to co-operative practitioners and researchers in Asia-Pacific in identifying future course of action for co-operatives, especially in the time of having the UN International Year of Cooperative in 2012. I understand that the proceedings of the Seminar will be brought out in a book form to which I should appreciate to the works of Committee for the contribution. Thank you.

Dr. Chan Ho Choi
Regional Director
ICA Regional Office for Asia-Pacific

Preface

I am happy to know that the ICA Committee on Co-operative Research for Asia-Pacific is organizing a Regional Research Seminar at Bhimnagar, Odisha, during 23-24 July, 2011. On this occasion, I would like to express my sincere appreciation for the Committee, especially its Chairperson, Dr. G.N. Sahoo, former, Institute Co-operative and Food, I.A. Varadachari, VC of the School of Rural Management of Kalunga University for their efforts, enthusiasm and hospitality to make this seminar happen in India. I am also thankful to Dr. A. Samanta, former, Chairman of Kalunga Institute of Technology (KIT) and Kalunga School of Social Science (KSSS), who agreed to inaugurate the seminar.

Clearly, the theme of the seminar was Activities and Initiatives by Co-operatives on Food Security and Climate Change and Millennium Development Goals of the UN, with special reference to Empowering Women and Youth.

I am sure that the presentations will be accepted enthusiastically at the seminar and very good discussions will take place, and definitely will be beneficial to co-operative practitioners and members in Asia-Pacific in identifying future course of action for co-operative, especially in the time of having the UN International Year of Co-operatives in 2012. I understand that the proceedings of the Seminar will be brought out in a book form to which I should appreciate to the works of Committee for the completion. Thank you.

Dr. Chan Ho Choi
Regional Director
ICA Regional Office for Asia-Pacific

Foreword

At the outset I would congratulate the Co-operative Researchers who participated at the 2-day seminar held on 23-24 July, 2011 at Kalinga School of Rural Management of Kalinga University, Bhubaneswar, Odisha, India. I would also like to congratulate Prof. L.K. Vaswani, Pro VC, Prof. Nandini Sen, Assistant Professor and Ms. Aishrya Maha.... of Kalinga School of Rural Management for hosting this seminar and also providing necessary facilities for the seminar and its participants.

The theme for the seminar was Activities and Initiatives by Co-operatives on Food Security, Climate Change and Millennium Development Goals of the UN, with special reference to Empowerment of Women and Youth.

The following 4 sub-themes were chosen:

1. Facing challenges of food security and climate changes through co-operatives,
2. Achieving World peace through co-operative initiatives
3. UN Millennium Development Goals and Co-operatives
4. Legislation as an Effective Tool to Co-operative Governance with special reference to Empowerment of Women and Youth.

Dr. Chan Ho Choi, the Regional Director of International Co-operative Alliance, Regional office for Asia-Pacific was informed of the above and he had agreed to the same, though due to unforeseen circumstances, he could not attend the seminar at Bhubaneswar.

During the last almost 3 years I have been associated with ICA Committee on Co-operative Research. In my humble effort, I have tried to undertake some activity for the Committee. During 2009, we had conducted a Seminar at FMDI, "Gurgaon. During 2010, a regional seminar was organized at Beijing, China, in conjunction with the ICA Regional Assembly. This year we have been able to organize this Regional Seminar at Bhubaneswar, with the sole support and collaboration of Prof. L.K. Vawani. I am happy that researchers in co-operatives in the region are enthusiastic to all these initiatives and have done specific research and presented papers, be it at FMDI, Gurgaon, Beijing, China or Bhubaneswar, Odisha. For brevity we have left out some of the presentations since their full papers are already available in the book. We are sure the readers will not have any problems by this.

We had published a report on the FMDI, Gurgaon Seminar and are now publishing another report on the Bhubaneswar Seminar. We tried to include all papers and presentations which were made at Bhubaneswar.

It is a fact that ICA does not have funds to support its activities. Otherwise also, Research is the last item on its Agenda. We little encouraged that at least ICA, as per their Memorandum, used to make available the secretarial assistance but no kind of Secretarial Assistance or support is available from ICA Regional Office. It is also been said that no financial or other support could come from ICA-AP. As you would appreciate it has been quite difficult for me to organize this report in the absence of any secretarial assistance or support from the ICA Regional Office.

The apathy of the Regional Director to this Committee can be understood that this Committee has not been constituted with the members consisting of representatives from ICA member organizations, which is the case with other committees of the ICA Regional office. While the committee was formed during December 2008 at the ICA Regional Assembly at Hanoi, Vietnam, it was specifically decided that this Committee should not restrict its members to ICA member organizations, as most of the researchers belong to academic institutions and researchers in general. If it is converted into a committee of member organization nominees, effectively the meetings and seminars will be meaningless, as no co-operative research would take place in such a scenario. I request Researchers to please consider this aspect and find out a via-media so that some support could come out of ICA-Asia-Pacific.

It is expected to hold the next Regional Research Seminar at Kobe, Japan, in conjunction with the next ICA Regional Assembly there during November, 2012. Mr. Akira Kurimoto, Vice Chair of your Committee has agreed to host this seminar and will provide local hospitality to all the researchers who participate. We have to take a final decision on the situation of the Committee at this seminar and meeting to be held at Kobe, Japan. There you will also have a chance not only to express your views but also to elect a new Chairman.

I hope this book will be useful to co-operative researchers in the region and elsewhere, as the Research presentations made at Bhubaneswar were of topical importance.

I am specifically thankful to Prof. L.K. Vaswani and his team and Mr. P. Nair who has assisted me in coordinating this seminar and report.

Dr. G.N. Saxena
Chairperson
ICA Committee on Co-operative Research for Asia-Pacific

Message

Dear Co-operative Friends,

It gives me great pleasure in welcoming you all to this august gathering of researchers in the picturesque city of Bhubaneswar. This city is famous for its tourist attractions and also has one of the better known temples (it is one of the 4-dhams) and also archeological sites like Konark and have a few very good museums and other tourist attractions.

As you are aware, the ICA Committee on Co-operative Research has been organizing Research Conferences in conjunction with the ICA Regional Assembly. The last Regional Assembly and the Research Conference were held at Beijing, China. As you are well aware, the Committee was set up at the Regional Assembly held in Hanoi, Vietnam during December 2008. In the interim, we had hosted a Research Seminar at FMDI, Gurgaon (near Delhi). This year Dr. L.K. Vaswani, Hon'ble Pro VC of KIIT School of Rural Management, has kindly accepted our request to host this seminar at Bhubaneswar. We thank Dr. Vaswani and his associates in making this possible.

Prof. Samantha, the founder of Kalinga Institute of Rural Management, who has inaugurated our conference, needs no introduction to this gathering.

The theme of the Seminar is "Activities and Initiatives by Co-operatives on Food Security and Climate change and Millennium Development Goals of the UN, with special reference to Empowering Women and Youth."

We have chosen 4 sub-themes for our researchers to look into. They are:

1. Facing challenges of food security and climate change through co-operatives.
2. Achieving world peace through co-operative initiatives.
3. UN Millennium Development Goals and Co-operatives.
4. Legislation as an effective tool for Cooperative Governance, with special reference to Empowering Women and Youth

As you are aware, the four sub-themes we have chosen form the major concerns expressed by the United Nations in their Millennium Development Goals.

Facing challenges of food security and climate changes is very important given the scare situation of food in the world with the climate change and relevant change in the pattern of cultivation. Co-operatives are probably the only enterprise in the world which can contribute to food security and climate change unlike the private organizations globally.

Similarly Co-operatives are the only organizations which can support world peace

through its activities and business. We have all along been taking up various activities towards fulfilling the Millennium Development Goals of the UN. Legislation has been used in many part of the world as a major tool for providing good governance in Co-operatives.

Indian Farmers Fertiliser Cooperative Limited (IFFCO), which I represent, is one of the world's largest fertiliser cooperative, wholly owned by member cooperatives with around 40,000 cooperative societies as its members. IFFCO has all along been consistently following transparent, democratic and professional practices in its governance and activities. Though last year we had suddenly lost the support and leadership of Shri Surinder Kumar Jakhar, our former Chairman, IFFCO has still managed to improve its performance and I am glad to inform that IFFCO has achieved a profit of over Rs.1000 crores during last year.

IFFCO has carved out a strong "Co-operative Identity" and is making sincere efforts to uphold 'Co-operative Values' by cherishing 'Co-operative Principles'. IFFCO conducts its business within the frame work of the Multi-state Co-operative Societies Acts and Bye-laws. All decisions in the IFFCO Board are taken by 'Consensus' and the Board have never been subjected to voting thus far on any decision. IFFCO always stood and will stand for the welfare of its members. It is worth noting that IFFCO is one organization which has been paying dividends year after year for the last 36 years. IFFCO has diverse business activities in sectors like Insurance, Power, Commodity Trading, Rural Telecom, SEZ and Oil & Gas exploration with Joint Ventures in countries like Oman, Senegal, Jordan, Australia & Canada.

I am glad that the researchers assembled here have taken the trouble of making sincere efforts in researching on various topics of interest to co-operatives and have come out with well researched documents which they will be presenting before you. I wish to thank all of them for their sincere efforts. I hope this seminar in the backdrop of celebration of International Year of Cooperatives, 2012 provides a right opportunity for researchers to share and exchange their knowledge and experience on cooperatives so that their research and thinking will help Co-operatives in India and globally.

I am happy that Dr. L.K. Vaswani and his team have made all arrangements for the smooth conduct of this seminar. However, Dr. Vaswani, his team members and any one of us are more than happy to assist you in any way you require.

I wish the Seminar all the very best in their deliberations.

Thank you!

Dr. G.N. Saxena

Chairperson

ICA Committee on Co-operative Research for Asia-Pacific

Programme Schedule

DAY I : 23 July, 2011

- 10.00AM to 10.30AM** **Inauguration**
- Lighting of Lamp
 - Welcome Address by Dr. A. Samanta, Honorable Founder KIIT and KISS
 - Introduction to the Seminar by Prof (Dr.) L. K. Vaswani, Director KSRM
 - Chairman's Address by Dr. G.N. Saxena- Chairman, ICA Committee on Co-operative Research for Asia Pacific
 - Vote of Thanks by Mr. Purushottam Nair, Coordinator ICA Committee on Co-operative Research for Asia Pacific
-
- 10.30AM to 10:45AM** **Tea Break**
-
- 10:45AM to 13.00AM** **Technical Session I**
Facing Challenges of Food Security and Climate Change through Co-operatives
Session Chair: Prof (Dr.) L. K. Vaswani , Director KSRM
- Speakers**
- Dr. T. Paranjothi, Secretary, NCCT
 - Dr. Daman Prakash, Director, IFFCO Foundation
 - Prof. (Dr.) Julia/ Prof (Dr.) Norhayati, Co-operative College of Malaysia
 - Dr. Dinesh, Chief Executive, NCUI
 - Ms. Veena Nabar, Consultant, NCDC
-
- 13.00 PM to 14.00PM** **Lunch Break**
-
- 14.00PM to 15.00PM** **Technical Session II**
Legislation as an Effective Tool for Cooperative Governance with special reference for Empowering Women and Youth
Session Chair: Dr. Elumalai, Director and Head of Dept, Law, IGNOU
- Speakers**
- Mr. B.D. Sharma, Consultant, ICA and NCUI
 - Dr. Elumalai, Director and Head of Dept, Law, IGNOU
 - Prof.(Ms) Nandini Sen, Assistant Professor, KSRM, KIIT University

- Mr. A.K. Tiwari, Director, NFFC / Mr. B.K. Mishra, MD, NFFC
- Prof.(Mr) Amiya Sahu, Assistant Professor, KSOM ,KIIT University

15:00PM to 15:15PM **Tea Break**

15.15PM to 17.00PM **Technical Session II Continued**

DAY II : 24 July, 2011

10.00AM to 10.30AM **Technical Session III:**

Achieving World Peace through Co-operative Initiatives

Session Chair : Dr. Dinesh, Chief Executive, NCUI

Speaker

- Mr. Sanjay Verma, Editor, NCUI

10.30AM to 11:30 noon **Technical Session IV**

Millennium Development Goals and Co-operatives

Session Chair: Dr. Daman Prakash, Director, IFFCO Foundation

Speakers

- Dr. T. Paranjothi, CEO, NCCT
- Dr. K. Sudha, Associate Professor of Commerce, Basant Women's College, Mangalore
- Ms. Anasuya Swain, Faculty, OB and HR, College of Engineering, Bhubaneswar

11:30AM to 11.45 AM **Tea Break**

11:45AM to 12:15PM **Technical Session IV continued**

12:15PM to 13.00PM **Closing Session**

Panel to Summarise the seminar and prepare the Recommendations

Panel: Prof. L. K. Vaswani , Dr. Elumalai , Dr. Dinesh ,Dr. Daman Prakash, Mr. B.D. Sharma

Session Co-ordinators: Prof. Nandini Sen, Ms. Veena Nabar

Closing Remarks by Prof. (Dr.) A. S. Kolaskar, Vice Chancellor, KIIT University

Closing Remarks by Dr. G.N. Saxena, Chairman , ICA Committee on Co-operative Research for Asia Pacific

Vote of Thanks by Prof (Ms). Nandini Sen, Assistant Professor and MDP Co-ordinator, KSRM

Vote of Thanks by Dr. G.N. Saxena, Chairman , ICA Committee on Co-operative Research for Asia Pacific

13.00 PM to 14.00PM **LUNCH**

Technical Session ONE



Dr. L.K. Vaswani, Pro VC of Kaling School of Rural management lighting the inaugural lamp.

Climate Change – Cooperatives as Key-Role Players

◆ Daman Prakash, *Consultant, IFFCO Foundation*

United Nations Millennium Development Goals-UN/MDGs

The Millennium Development Goals [MDGs] are the most broadly supported, comprehensive and specific development goals the world has ever agreed upon. These eight time-bound goals provide concrete, numerical benchmarks for tackling extreme poverty in its many dimensions. They include goals and targets on income poverty, hunger, maternal and child mortality, disease, inadequate shelter, gender inequality, environmental degradation and the Global Partnership for Development.

Adopted by world leaders in the year 2000 and set to be achieved by 2015, the MDGs are both global and local, tailored by each country to suit specific development needs. They provide a framework for the entire international community to work together towards a common end – making sure that human development reaches everyone, everywhere.

If these goals are achieved, world poverty will be cut by half, tens of millions of lives will be saved, and billions more people will have the opportunity to benefit from the global economy.

- Goal-01 Eradicate extreme poverty and hunger;
- Goal-02 Achieve universal primary education;
- Goal-03 Promote gender equality and empower women;
- Goal-04 Reduce child mortality;
- Goal-05 Improve maternal health;
- Goal-06 Combat HIV/AIDS, malaria and other diseases;
- Goal-07 Ensure environmental sustainability;
- Goal-08 Develop a Global Partnership for Development.

A closer look at the inherent objectives of the MDGs would reveal that the concepts of 'climate change' and 'working together' i.e., cooperation, run through the roots of these goals. All the goals are inter-related and need to be achieved joint a joint effort.

Co-operation is working together. Co-operation 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. Co-operation existed even before the man came to this earth of ours. The corner-stone of Co-operation is mutual help. It is to survive with dignity

and purpose. The formal face of working together is a 'cooperative institution' which is member-driven and has a legal entity.

The Context of Indian Cooperative Movement

The Indian Co-operative Movement is the oldest and largest Movement in the world with a membership of 350 million in over 600,000 co-operatives of all types and at all levels. 65% of co-operatives are agricultural, marketing, credit and production co-operatives. The Movement was formally established in 1904. Co-operatives now cover 100% villages and practically all farmers in the country. The primary co-operatives become the members of district level unions/federations [promotional and business], these, in turn, become members of state-level federations, which, ultimately are affiliated to the National Co-operative Union of India [NCUI] and other business federations. The National Co-operative Union of India is the national apex of the Movement.

There are 22 national level business federations. Some of the prominent business co-operatives are milk co-operatives [India is today world's number one producer], fertiliser and sugar co-operatives. IFFCO, a farmers' owned co-operative, operates five production units in the country and claims to be world's largest fertiliser co-operative. Other prominent sectors are: oilseed, rubber, coconut, horticulture co-operatives. The National Co-operative Union of India operates world's largest co-operative member education and staff training structure.

The Movement thus qualifies to be a strong role player in the sector of climate change. It is a solid mass which contains within itself the manpower, technology, agriculture, business, institutional network, skilled personnel, specialized institutions and the ability to bring about dynamism which influences mankind.

Cooperatives are community-based institutions. It is from the community that members and leaders grow up to manage cooperatives. The concerns of the community mainly are: Food security which deals with agriculture; Water for drinking and irrigation and its availability; Housing which is comfortable and safe; Welfare which means education for children and all possible living comforts including health care; and Development.

Cooperatives, all over the world adhere to certain well-defined and universally-accepted Principles of Cooperation. These are seven and one of them is the Concern for the Community.

Members of cooperatives have the following principal objectives:

- Higher income returns from agriculture and other business that they perform;
- Quality products for themselves and for the consumers;
- Quality services which are readily available and easily accessible;
- Security and safety for themselves, families and their assets;
- Fair deals and transparency in transacting business – social or economic.

There is a strong reflection of the members' objectives in the UN's MDGs, which also reflect closely on issues relating to climate change.



Dr. Daman Prakash of IFFCO Foundation clarifying a point

Climate Change and Agriculture

Climate change and agriculture are interrelated processes, both of which take place on a global scale. Global warming is projected to have significant impacts on conditions affecting agriculture. These conditions determine the carrying capacity of the biosphere to produce enough food for the human population and domesticated animals. The overall effect of climate change on agriculture will depend on the balance of these effects.

At the same time, agriculture has been shown to produce significant effects on climate change, primarily through the production and release of greenhouse gases such as carbon dioxide, methane, and nitrous oxide, but also by altering the earth's land cover.

Impact of Climate Change on Agriculture

Agriculture has grown in recent years, and now provides significant amounts of food, on a national level to major importing countries, as well as comfortable income to exporting ones. The international aspect of trade and security in terms of food implies the need to also consider the effects of climate change on a global scale.

Climate change induced by increasing greenhouse gases is likely to affect crops differently from region to region. In the long run, the climatic change could affect agriculture in several ways:

- [a] Productivity, in terms of quantity and quality of crops;
- [b] Agricultural practices, through changes of water use [irrigation] and agricultural inputs such as herbicides, insecticides and fertilizers;

- [c] Environmental effects, in particular in relation of frequency and intensity of soil drainage [leading to nitrogen leaching], soil erosion, reduction of crop diversity;
- [d] Rural space, through the loss and gain of cultivated lands, land speculation, land renunciation, and hydraulic amenities;
- [e] Adaptation, organisms may become more or less competitive, as well as humans may develop urgency to develop more competitive organisms, such as flood-resistant or salt-resistant varieties of rice.

Shortage in Grain Production

The earth's average temperature has been rising since the late 1970s, with nine of the 10 warmest years on record occurring since 1995. In 2002, India and the United States suffered sharp harvest reductions because of record temperatures and drought. Researchers have investigated the potential impacts climate change could have on agriculture, and how this would affect attempts at alleviating poverty in the developing world.

Temperature Potential Effect on Growing Period

Duration of crop growth cycles are above all, related to temperature. An increase in temperature will speed up development. In the case of an annual crop, the duration between sowing and harvesting will shorten, for example, the duration in order to harvest corn could shorten between one and four weeks. The shortening of such a cycle could have an adverse effect on productivity.

Agricultural Surfaces and Climate Changes

Climate change may increase the amount of arable land in high-latitude region by reduction of the amount of frozen lands. Sea levels are expected to get up to one meter higher by 2100, though this projection is disputed. A rise in the sea level would result in an agricultural land loss, in particular in areas such as South-East Asia. Erosion, submergence of shorelines, salinity of the water table due to the increased sea levels, could mainly affect agriculture through inundation of low-lying lands. Low lying areas such as Bangladesh, India and Vietnam will experience major loss of rice crop if sea levels are to rise by the end of the century.

The warmer atmospheric temperatures observed over the past decades are expected to lead to a more vigorous hydrological cycle, including more extreme rainfall events. Erosion and soil degradation is more likely to occur. Soil fertility would also be affected by global warming.

ENSO Effects on Agriculture

ENSO [El Niño Southern Oscillation] will affect monsoon patterns more intensely in the future as climate change warms up the ocean's water. Crops such as rice will be affected by varying monsoon patterns and more unpredictable weather. Scheduled planting and harvesting based on weather patterns will become less effective. Areas such as Indonesia

where the main crop consists of rice will be more vulnerable to the increased intensity of ENSO effects in the future of climate change.

Impact of Agriculture on Climate Change

The agricultural sector is a driving force in the gas emissions and land-use effects thought to cause climate change. In addition to being a significant user of land and consumer of fossil fuel, agriculture contributes directly to greenhouse gas emissions through practices such as rice production and the raising of livestock; according to the Intergovernmental Panel on Climate Change [IPCC], the three main causes of the increase in greenhouse gases observed over the past 250 years have been fossil fuels, land-use, and agriculture.

Agricultural Cooperatives as Key-role Players in Climate Change

[01] From the Essence of Guiding Co-operatives Principles and Values

7th Principle of Cooperation – “Concern for the Community”. Climate Change is a serious threat to livelihoods of members and communities – hence the need to respond. Co-operative members as components of the community have to be aware of their responsibilities towards their fellow-members. They need to be made aware of their surroundings. A systematic and well-structured programme of environment consciousness is needed for a healthy living and higher income from their professions.

[02] High Expectations [UN/MDGs and Governments/states] from Co-operatives

Co-operatives as tools and strategy to achieve UN/MDGs simply by bringing in very simple, ordinary and low-cost innovations in their professions – agriculture or others. Co-operatives are horizontal key-players for implementation of development policies e.g., youth, decentralization, gender, environment, agriculture, private sector, fighting HIV, drugs etc.;

[03] Agriculture, the Backbone of Govts and States Economies [Co-operatives are the Major Players]

In achieving agricultural production and productivity, co-operatives can play a vital role. Co-operatives can also introduce innovations in agriculture e.g., use of bio-fertiliser, hand-driven winnowers, use of locally-produced bio-pesticides etc.

[04] Potentials and Great Capacity of Co-operatives to bring Changes

- Co-operatives employ about 100 million men and women worldwide;
- Have more than one billion members worldwide;
- More than 50% of them are women;
- Have very extensive education and training programmes;
- Contribute substantially to national food stocks.

[05] Economic Opportunities within Environmental-related Sectors [Mitigation and Adaptation]

- Renewable energy e.g., Solar energies, wind miller, etc.;

- Conservation of energy [high-efficiency products: light bulbs, stoves, engines, etc.];
- Recycling projects;
- Waste Management/Landfills management projects;
- Control of soil erosion, construction of local water reservoirs;
- Trees planting for nurseries, erosion control, forage for animals, cooking fuel etc.

[06] Implications of Climate Change on Co-operatives and Proposed Responses

Just consider the following concrete actions for any organization:

- Both-side printing;
- Avoid use of high-class glossy paper for printing;
- Use recycled paper for printing documents and posters;
- Teleconferencing [or video] to avoid travels;
- Turning off electronic equipment overnight;
- Carpooling;
- Using less of bottled water;
- Using electronic presentations and documents instead of distributing papers;
- Offer or facilitate information exchanges and environment awareness workshops;



Dr. Daman Prakash making a presentation

- Offer green loans or awards to local groups;
- Encourage participation by funding local green projects;
- Increase awareness among women and rural youth;
- Encourage discussions [at all levels];
- Support environmental causes;
- Coops can control 'leachate – water contaminant' from landfills;
- Initiate programmes to control 'global warming' at local level.

[07] Housing Cooperatives' Responses to Climate Change

The Resolution passed by ICA General Assembly held at Singapore had suggested the following actions to be taken by co-operatives and governments:

- Consider appropriate measures and reduce the greenhouse gas emissions;
- Communicate with, inform and motivate members towards a lower carbon lifestyle;
- Use political influence at home to encourage each government to play a constructive part as per recommendations made in the Kyoto Negotiations;
- Co-operatives to serve as local pressure groups and involve all sections of the society in handling climate change issues.

[08] Replication of Locally-known Initiatives on Climate Change

- Locally-adapted methods of irrigation to conserve water;
- Increased use of livestock to generate electricity and bio-fertiliser;
- Increased use of locally-developed bio-pesticides;
- Emphasis on organic food – healthy and high returns for producers;
- Regular testing of soil and water and making corrections;
- Use of Zero-cooling chambers to stock vegetables;
- Reduce burning of plant residues;
- Replicate experiences in vermiculture and related traditional technologies.

Specific Role of Cooperatives in Climate Change

Cooperatives as democratic institutions of people can play the following roles:

- [a] **Generate Awareness and Knowledge:** Because of their wider outreach, cooperatives through their actions and business easily generate awareness and knowledge on various aspects of climate change. Such information can be spread through meetings, leaflets, discussions forum and farmers' meetings.
- [b] **Share Information and Best Practices:** Policies, technologies [locally-developed or harnessed from outside the area], interactions, financing of projects, adaptations and exchange of experience;

- [c] Promote Regional Cooperation: This relates to the mitigation steps, adaptation of methods and techniques, investments including convergence with other programmes and agencies engaged in the process;
- [d] Foster Partnership: This relates to new methods and techniques developed by specialized institutions, policy-makers, practitioners, extension workers, technicians, stakeholders, and opinion makers;
- [e] Learning from the experiences of Others: Experiences of others can be made use of e.g., farm guidance activities and better-living activities of the Japanese Agricultural Cooperative Movement;
- [f] Role of federations/Unions and Training institutions: Such institutions are helpful in providing education and training and extension services, dissemination of information, advocacy. Policy dialogues, material production etc.

Initiatives at the Local Level

- Co-operatives, Farmers'/Self-Help Groups;
- Training and Capacity Building;
- Inform on Input;
- Inform on Changes in Cropping Pattern;
- Village Development [Sanitation and Upkeep];
- Alternative Use of Energy Sources;
- Save the Tree/Grow More Trees;
- Conserve Water & Power;
- Consultations and Extension;
- Research and Local Applications;
- CGIAR Initiatives;
- IFFCO Field Demonstrations

Initiatives taken by IFFCO Foundation*

- Crop Demonstration Programmes;
- Horticulture Programmes;
- Member Education Programmes;
- Women Empowerment Programmes;
- [Self-Help Groups & Micro-Enterprise];
- Soil And Water Care Programmes;
- CGIAR Programme [2 Locations].

[Special Emphasis Laid On Issues Relating To Climate Change and Agriculture]

*[*IFFCO Foundation is a trust established by the Indian Farmers Fertiliser Cooperative Limited to promote cooperatives and self-help organisations]*

Suggestions and Recommendations

Climate change particularly threatens small-scale rain-fed farmers, forest-based and pastoralist livelihood systems, inland and coastal fishing/aquaculture communities, inhabitants of coastal, floodplain and mountain areas. Reducing green house gas [GHG] emissions from food and agricultural production is a major priority. Some of the suggestions and recommendations in order to enable co-operatives and self-help groups to support climate change initiatives are the following:

- [i] Agricultural co-operatives are highly responsive to the needs and priorities of rural poor and should be included in policy formulation on mitigation and adaptation to natural disasters and climate change;
- [ii] Calls for integration of traditional knowledge in natural disaster/climate change adaptation and mitigation response, promotion of local-level decentralized co-operative activities, greater role for co-operatives in development of renewable energy including bio- energy, promotion of organic farming and encouragement of sustainable consumption patterns;
- [iii] To support agricultural co-operatives in promoting natural disaster/climate change risk adaptation through developing alternative farm and non-farm rural livelihood opportunities. *Assist farmers in coping with current climatic risks:* Weather services, agro-advisories, insurance, community banks for seed and fodder;
- [iv] Intensive education and training programmes on regular basis for farmers, members of co-operatives and self-help groups on 'green agriculture' by specialists from universities and specialised institutions;
- [v] Field demonstration programmes for high-yielding varieties and more economically-rewarding crops supported by adequate structured advice and inputs. *Intensify food production systems:* Technology and input delivery systems, market links;
- [vi] *Improve land and water management:* Technologies for resource conservation and use efficiency;
- [vii] Enable policies and regional co-operation: Incentives to farmers for resource conservation and use efficiency, pricing of resources, credit for transition to adaptation technologies;
- [viii] Strengthen research for enhancing adaptive capacity: Varieties, resource conservation technologies, pest surveillance; For improved assessments: mechanism for collection and dissemination of weather, soil, water and agricultural data;
- [ix] Regular training and information on income-generating activities e.g., bee-keeping, livestock development, green manuring, chemical-free inputs, promotion of green tourism, development of nurseries for economic and ornamental plants, handicrafts using locally-available raw material;
- [x] Linkages with market places which provide support services like warehousing, shipment etc. Establish and strengthen linkages between co-operatives, self-help groups and other farmers groups to facilitate transfer of knowledge;

- [xi] Production of material without using fossil fuels and electricity;
- [xii] Dissemination of information and techniques on 'rain-water harvesting', disposal of sewage, safe drinking water, nutrition etc.

Conclusion

Most of the climate changes are considered man-made. Excessive deforestation and damage to natural resources can change the rainfall pattern of the area. Therefore, individual efforts with collaborative strategies have to be adopted for minimising these effects. Climate change and natural disasters are a reality and communities have to prepare in advance to save themselves, agriculture and natural resources. Climate change is not a one-time phenomenon. Agriculture is one sector which would suffer the most. It is, therefore, pertinent that all individuals, farmers or non-farmers and their institutions, especially agricultural co-operatives and self-help groups, must contribute to insulate people from the perils of poverty and hunger.



About the author...

Dr Daman Prakash is the Director of the Rural Development and Management Centre, and Senior Consultant with the IFFCO Foundation. Served the International Co-operative Alliance Regional Office for Asia and the Pacific [ICA ROAP] since 1962 in various capacities and retired in 2002 as its Director; served in Indonesia as Chief Technical Advisor of the ILO/UNDP-SWISS Projects on Rural Co-operatives [KUD] Management Development, Training and Education [1981-88]; served in Sri Lanka as Senior Consultant to the ICA/SCC Co-operative Teachers' Training Project [1978-81]; served as Senior Consultant to FAO/UN, and on Japan-sponsored Study Missions to Indonesia, Laos, Mongolia, Cambodia and Uzbekistan. He has to his credit several books and articles. He can be reached at: <damanprakash@yahoo.co.in> and <damanprakash01@gmail.com>.

THE BANGKOK POST [Dec 08 2010] Farmers Face Climate Impact

The nation's first climate change adaptation project has been launched in Chiang Mai and Yasothon aimed at boosting farmers' capacity to deal with weather events triggered by global warming.

The project would help farmers learn how to survive extreme weather events as farming was one of the most vulnerable sectors to the impact of climate change. Participating farmers will learn about adaptation techniques, such as planting drought-resistant crops, developing plant varieties that suit the changing climate and more effective water management systems. The villagers would also be encouraged to establish community-level climate change monitoring centres and to come up with financial schemes to deal with the impact of global warming.

80% of the Thai farming sector relied on rain water, not irrigation. This meant most farmers were affected directly by drought and flood. The challenge is how to make them resume crop production after facing natural disasters.

A study on the impact of climate change on the agricultural sector conducted by Kasetsart University's economics faculty, found the increasing number of hot days would lead to a drop in yields of rice crops, longan and lychee.

Development imperatives of Indian Agricultural Sector – need for repositioning of Cooperative Agriculture and Rural Development Credit Structure(CARDBS)

✧ P.V.A.Rama Rao¹

1. Indian Agriculture Sector- Insights

- 1.1. After successfully posting the 1st Green Revolution in the late '60s / early 70s.. Indian Agriculture sector has now been passing thro' a very critical phase , forcing the desperate farmers to suicides and deserting the farming activity. Despite high growth rate of about 8% pa of the Indian economy, around 350 mn out of its more than 1 bn strong population is still living below poverty line of 1 US\$ a day, of which 75% are living in rural areas. Sadly, with about half of india's children suffering from malnutrition , which is far behind sub-saharan Africa, inclusive growth still remains a distant dream for India ! “Poverty- alongside – plenty” syndrome is typical in our country where rural poor live along side urban billionaires .

“THE INDIAN TRAGEDY OF EXTENSIVE POVERTY & DEPRIVATION PERSITING UNDER CONDITIONS OF IMPRESSIVE PROGRESS IN THE INDUSTRIAL AND SERVICES SECTORS WILL CONTINUE TO PRESIST SO LONG AS WE REFUSE TO PLACE FACES BEFORE FIGURES”.

Prof. M.S.Swaminathan

- 1.2 (i) The Indian economy was estimated to have registered a growth rate of 7.4% during 2009-10 as against 6.7% during 2008-09. Due to the near drought conditions , the GDP in Agriculture was estimated to have shown a meager growth of 0.2% , as against 1.6% during the preceding year , with food grains production registering a sharp decline of 1.6% in its growth over the period.
- (ii) The country's food grains production during 2009-10 has been pegged at 218.19 mt as compared to 234.46 mt during the preceding year, the reduction mainly contributed by coarse cereals(6.90 mt), rice (9.87 mt) and sugar cane (10.37 mt).
- (iii) Presently , Indian Agricultural yields are only 50% of their potential and are less than about 40% of the world highs . China with half of our irrigation

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potential and with only 60% of our cultivated area is producing food over twice the production of India.

- 1.3 India, with its over 60% population depending on Agriculture for their livelihood, has to ensure sustainable livelihood for them and secure food security to the country, failing which the macro economic stability could be in jeopardy. This calls for stepping up of food production from the present level of about 220 m mt to 250 m mt, with focus for better management of irrigation facilities and bringing dry lands into cultivation by stepping up the capital formation in Agriculture. A second Green Revolution is a national priority and achieving the targeted Agriculture growth rate of 4% pa from its present low and widely varying levels is a vital imperative for maintaining the over all growth trajectory of our economy.
- 1.4 Agricultural sector in India is required to secure transformation in the new economic order, emerging out of globalisation and resultant Agreement on Agriculture (AOA) with WTO. To withstand the global competition, enhanced productivity and sustainability of the sector have become imperative.

2. Indian Agriculture- Real Sector Issues

2.1 Development Deficit in Agriculture

Presently, Indian agriculture is subjected to serious challenges. It is, therefore, necessary to put in place an enabling environment in the real sector so that the sector could deliver the expected results

“When we review our agricultural situation, it is clear that there are four deficits we need to bridge. These four deficits are (i) the public investment and **credit deficit**, (ii) the **infrastructure deficit**, (iii) the **market economy deficit** and (iv) the **knowledge deficit**; taken together, they are responsible for the development deficit in the agrarian and rural economy”.

- Honorable Prime Minister of India, Shri Manmohan Singh at NDC meet on 9th December 2006

- 2.2 Making good the above deficits calls for an effective action plan. The policy prescriptions and public announcements need to be translated into the actions – urgently and fully with zero tolerance – to achieve the intended growth. Once policy initiatives are put in place, RCCs have to take logical further steps for facilitating food security and sustainable livelihood thro' adequate-effective-timely credit dispensation, meeting the goals of Financial Inclusion and Inclusive Growth.
- 2.3 Critical Input – Credit:
 - 51.4 % of Farm House Holds (46 mn) have no access to formal / in-formal credit, of these, 88 % are small / marginal farmers (NSSO – 2003).
 - Co-operatives in the rural financial system have excellent reach & access but they are financially weak without autonomy and democracy, they work as para statal bodies.
 - “Co – operatives have failed but must succeed” and they are on reforms mode.

2.4 Credit is necessary but not sufficient in securing production and productivity improvements expected unless all other inputs together with backward and forward linkages are effectively put in place by the respective players

2.5 Besides the existing weaknesses of our Agriculture sector inhibiting its growth, GLOBAL WARMING and consequent CLIMATE CHANGE are posing further threats to the very survival - let alone growth - of our prime sector ie Agriculture, warranting timely, adequate and effective preventive and mitigating steps to prevent or reduce its adverse impact on our natural resources. The dangers of global warming will be more pronounced for coastal agriculture. And, taking a call for conservation and management of all our natural resources is an urgent imperative.

Waste lands Development, Watershed Development and Energy Security thro' Renewable Energy sources (eg. Bio Gas / mass), Bio Diversity besides arresting carbon emissions and massive expansion of green cover are a few areas for which GoI as well as NABARD are giving lot of encouragement (incentives, resource support etc) besides providing guidelines and skill imparting. Banks have to aggressively participate in this activity.

2.6 Govts, both at Centre as well as the states, have since initiated several measures to restore sustainable livelihood to farmers and food security to the country. Capital Formation being the main trigger for growth, GoI has, among other steps, targeted stepping up of farm credit flow. During last year (2010-11), the achievement in the flow of farm sector credit was Rs.4.47 lakh crores as against the target of 3.75 lakh crores.. This year (2011-12), the flow is expected to cross Rs 4-75 lakh crores. While the flow of credit has stepped up phenomenally, spread over about 5.50 crore farm loan accounts, the flow has been uneven over areas or groups of farmers. Further, the flow has been highly skewed in as much as over 80% of the small farmers accounted for hardly about 20% of the loan amount.

The uneven and inadequate flow of farm credit is a structural imbalance. Coops accounting for the bulk of the accounts - by virtue of their Reach, Access and local feel - account for hardly about 20% of the total loan business. This calls for revitalizing the Rural Coop Credit set up, particularly the ARDB system catering to Investment loan requirements accounting for the prime need of capital formation in the agri-sector.

3. Historical Evolution of Cardbs

3.1 (a) Starting with agricultural credit, cooperatives have encompassed all economic activities in the rural areas - either through credit societies or through specific functional societies - graduating to become the single largest business model in the country. Keeping in view the imperatives of Cooperatives for agriculture & rural development, their role in dispensation of credit has been emphasized time and again and their relevance underlined by several Expert Committees, starting with the Royal Commission on Agriculture in India (1928):

"Coops are the hope of Rural India. If they fail, there will fail the hopes of Rural India"

- (b) Recognizing the need for a separate set of institutions to cater for the long term (investment) credit requirements of farmers, the conference of the Registrars of Cooperative Societies (1926) suggested organising such institutions in the Cooperative fold. The first cooperative Land Mortgage Bank (LMB) was set up in Punjab in 1920, followed by two more i.e. in Madras (1925) and Mysore(1929). Thereafter, the LMBs mushroomed, but unevenly and inadequately and have been re-designated ,in tune with their widened role , as the Coop. Agriculture and Rural Development Banks (CARDBs)
- 3.2. Subsequent Reviews and Recommendations on CARDBs by various High Level Committees have led to further strengthening of the system (CARDBS), the more important developments being:
- All India Rural Credit Review Committee (AIRCRC) 1969 - Provision of loans from RBI to state governments for contribution to the share capital of Primary Land Development Banks(PLDBs), continued later by the National Bank for Agriculture and Rural Development (NABARD).
 - Hazari Committee (1975) - In view of the dual considerations of competition from commercial banks and to enable farmers to have easy one-stop access to all their ST& LT credit requirements, the Committee suggested integration of both the ST & LT structures.
 - Committee to Review Arrangements for Institutional Credit for Agriculture and Rural Development (CRAFICARD) 1981-Establishment of NABARD in July 1982 by integrating some of the functions of Agricultural Credit Department (ACD), Rural Planning and Credit Cell (RPCC) and DBOD of the RBI and its wholly owned subsidiary, the ARDC with a view to give focused attention to Rural Credit

4.0 Pre-reforms : Performance of CARDBs (1996-2010)

4.1 Operations:

- i. The performance of the CARDBS since inception has been modest, often marked by stagnation and decline. Its position during 2008-9, vis-a-vis the preceding year, is given Table-1.
- ii. The growth , though moderate , is uneven and inadequate , judged from its basic operational parameters (eg. Resource mobilization , coverage of farmers , average loan size , etc) uniformly in all types of the Structure.
- iii. A matter of serious concern is the continuous decline of the share of CARDBS in the total Ground Level Credit Flow for agriculture from different Rural Financial Institutions (RFIs) over the years – the decline being sharp down from over 25% to about less than 1% - while its growth rate at 2.5% is way behind the growth rates registered by its counter parts as may be seen from the Table-2.

Table : 1
Growth of Long Term Co-operative Banks
 (As on 31st March)

(Rs. Crore)

Particulars	SCARDB@		PCARDB	
	2008	2009p	2008	2009p
Number	20	20	697	697
Share Capital	1254	814	1025	1514
Reserves	2810	3158	3409	3444
Deposits	670	710	350	419
Borrowings	16293	15751	12406	12375
Loans Issued	2208	2585	1768	2045
Loans Outstanding	18392	16279	11770	11229

@: Manipur SCARDB is under orders of liquidation

(Source : NABARD Annual Report 2009-2010)

P: Data provisional.

Table : 2
Credit flow by all agencies vis-a-vis credit flow by ARDBs

(Rs. Crore)

Year	Credit flow by all agencies	Credit flow by ARDBs	% share of ARDBs
1992-93	5,078	1,212	24.0
1995-96	7,507	2,030	27.0
1999-2000	17,303	2,864	17.0
2006-07	229,400	2436	1.1
2007-08	254,658	2208	0.8
2008-09	301,908	2586*	0.8
2009-10	366,919	3393*	0.9

*Provisional

(Source : Vaidyanathan Task Force – 2 and NABARD)

- iv. The share of NABARD refinance to SCARDBs to its total refinance declined from 47% in 1981 to 22% in 2010, outstanding support being Rs.16,000 crore as at end March 2010.

4.2. Working Results :

Working results over a period amply demonstrate their basic financial and operational weaknesses.

i. Profits

In the LT structure, the number of loss-making SCARDBs declined from 10 to 8 during the year 2008-09 and reduced their losses by 65 per cent over the

previous year. However, the number of profit-making PCARDBs declined from 412 in 2007-08 to 369 in 2008-09. At aggregate level, SCARDBs earned profit of Rs.255 crore and PCARDBs incurred a loss of Rs.154 crore during 2008-09

ii. Costs and Margins

During the year 2008-09, out of 19 SCARDBs, 13 had positive net margins while the remaining 6 had negative margins. Out of reporting PCARDBs in 12 States, only four states had positive net margins.

iii. NPAs

The percentage of NPAs to total outstanding loans and advances of SCARDBs and PCARDBs decreased to 30.3% and 39.1% as on 31 March 2009 from 35.0% and 43.5% respectively as at 31 March 2008. The total NPAs of SCARDBs and PCARDBs were estimated to be Rs.5,000 crore and Rs. 4,400 crore, respectively, as at the end of March 2009.

The composition of the NPAs is given below :

Table 3
Composition of NPAs (As at end March 2009)

Assets Classification	SCARDBs #	PCARDBs
Sub Standard	2937.45(59.4)	2574.16(59.1)
Doubtful	1965.28(39.5)	1793.13(40.8)
Loss Assets	35.00(0.1)	25.67(0.1)
Total NPA	4937.73(100.0)	4392.96(100.0)
Provisions Required	1217.68	790.13
Provisions made	1536.02	892.45

P : Data Provisional

: Manipur SCARDB is under orders of liquidation

() : figures in brackets are percentage to total

(Source : NABARD Annual Report 2009-2010)

iv. Recovery

The average loan recovery of SCARDBs and PCARDBs, as on 30 June 2009, declined to 40.00 and 40.30 per cent from 49.94 and 42.15 per cent, respectively, as on 30 June 2008. In absolute terms, loan recovery of SCARDBs and PCARDBs declined to Rs.3,860.44 crore and Rs.2,842.47 crore, as on 30 June 2009, from Rs.5,367.81 crore and Rs.3,190.10 crore, as on 30 June 2008.

5. Impairment in CARDBs

The Credit Cooperatives in the LT wing are poorly equipped to face the challenges and deliver the expected results due, mainly, to their structural limitations and inherent operational constraints, briefly as under:

a) Structural constraints

- The important reason for poor governance lies in the very character of the structure which is purely borrower-oriented with no counter-balancing mechanism in the form of depositors. Physical distances, especially in the unitary structure, also lead to poor member - participation in governance.
- The fact that lower tiers of the federal structure have to depend on the apex body for resources reduces their capacity to govern the upper tier.
- These deficiencies are aggravated by State intrusion in financial and administrative matters like supersession of boards, directives on interest rates and loan policies, and posting of government staff in the banks
- The dependence of the structure on a single agency, viz., NABARD, for its resources has not only induced a feeling of comfort and complacency but has eroded its capacity to work in an increasingly competitive environment.
- While NABARD has been supervising and inspecting institutions in the structure, it lacks the authority to enforce financial discipline. Its interest in doing so has also been weakened by the fact that its loans to the CARDBs are covered by State Government guarantees.

b) Organisational / Operational Constraints

- High transaction costs, resulting from issue of smaller / widely spread out loans (clienteles being, mainly, SFs/MFs)
- Absence of cross-subsidization – due to lack of diversification in the loan portfolio
- Resource constraints etc., (resulting in excessive dependence on borrowings).
- Greater risk threats, both natural and man-made, associated with agriculture, the main livelihood occupation and vulnerability of its clientele.

6. Goals for Restructuring and Revitalisation of CARDBS – Need to Revisit

6.1 Imperatives

In the emerging scenario i.e. post financial sector reforms and market orientation - the cooperatives are required to become more efficient, vibrant and cost-effective, leveraging technology to reinvent themselves, and up-scale their business levels substantially for growth with sustainability. But, growth to secure institutional sustainability is a formidable goal in their present passive dispensation.

Further, they must emerge as professional and prudent as any private business entities and graduate to stand-alone mode in the competitive market. It is heartening

that a few CARDBs have successfully registered a turn-around. In general, the CARDBs as a whole need to mainstreaming itself with the other market players, yet keeping its distinct pro-poor identity, it will need to offer more than the very basic/standard credit products they currently provide.

This Re-engineering exercise calls for a revisit to their Governance, Professional Management and Vibrancy in policies and operations, which are pivotal for the whole cooperative business model.

6.2 Governance

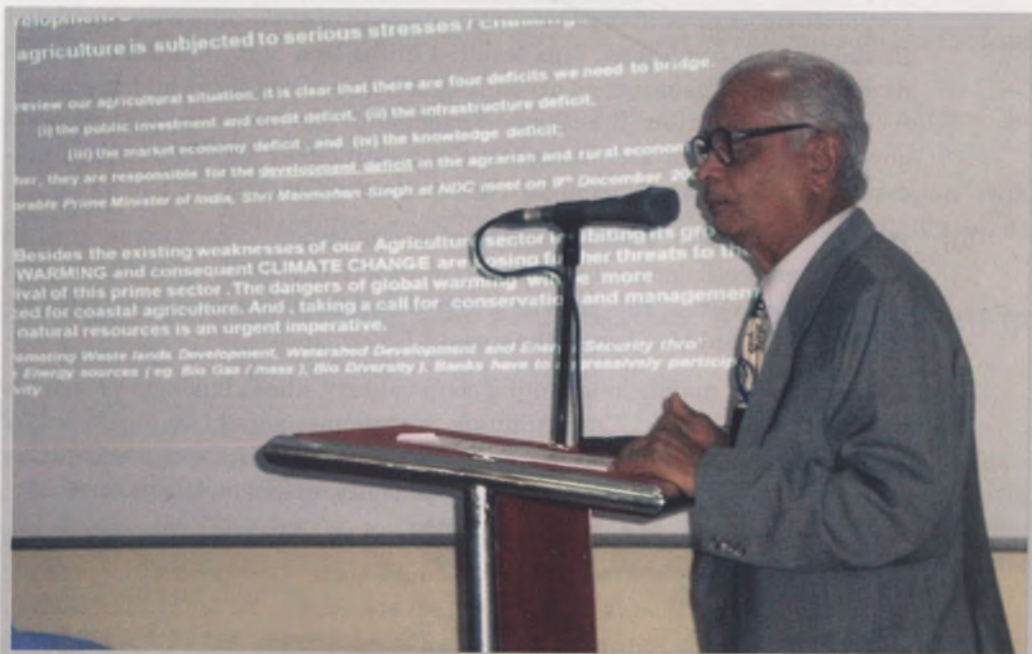
- i) The CARDBs has not been able to maintain, over the years, either the ethical values of coop. principles (i.e., autonomy, democracy and member-centric tenets) or the standards of corporate governance, (i.e., prudence, transparency and accountability). While the coop. values are beyond compromise, the values of corporate governance also need to be inculcated in conducting the business and Cooperative Leadership should carry responsibilities of the corporates and accountability of trusteeship. Despite the awareness building, training exposure to the members of the Boards of CARDBs extended by NABARD as also NCUI, the LEADERSHIP qualities are still conspicuous by absence, except by exception.
- ii) The Boards lack in professionalism as, unlike in the Corporates, no rigid “fit and proper” standards were fixed. Further, as the number of professional directors is limited to just 2 (for now, only in ST structure), that too leaving scope for compromise in the parameters of professionalism, contrary to the corporate rigors prescribing a minimum strength of 30% - 50% with stipulated fit and proper conditions. This resulted in the lack of or dilution in proper direction for the management of coops with required vibrancy and innovation. A paradigm shift in the Coop. Leadership for adoption of corporate governance, without sacrificing the Coop. principles and values, is a precondition for their sustainable growth with financial inclusion.
- iii) Post financial sector reforms and market orientation, cooperatives have to become more efficient, vibrant and cost-effective, leveraging technology to reinvent themselves. This calls for a revisit to the skill development / training support for Board Members in the areas of Governance

It should cover, mainly, reinventing coop values / ethos , business principles and repayment ethics . Crash training programmes should be organized by ARDBs in collaboration with NABARD for all elected Directors of PCARDBs and other tiers , which should be made mandatory for first time Directors.
- iv) NABARD, as a matter of policy, emphasises the need for Cooperative Banks to be managed by duly elected Boards of Management. Despite this, the practice of superseding the Boards continued in several States. As on 31 March 2009, duly elected Boards were superseded in 9 SCARDBs and 265 PCARDBs in the LT structure. (i.e., 45% and 38% of total, respectively).

- v) Building up awareness on new imperatives of coop. values and corporate business principles amongst the Members at primary level so as to build up the Primaries as Member centric and member driven autonomous democratic institutions with effective participation of members in the management of the societies.

6.3 HRD

- a) In the post reforms scenario, the key to success of any enterprise lies in improving its productivity and efficiency, responsive to competitive environment and professionalism. The new brand managers have to be market-driven. But, HRD in co-ops is proving to be a stupendous task compared to any other sector; yet, at this juncture, professional management is an urgent imperative and priority. Training in RCCs failed to build-up empowerment through knowledge.
- b) In this context, Business Revitalisation and Managing Human Aspirations (BRAMHA), a recast of Organisation Development Initiative (ODI), for co-operatives was launched in 2007-08 by NABARD to facilitate changes in the organisational structure, staff composition, skills, strategic planning and shared values, vis-à-vis the wider external environment to enable the organisation to fulfill its mission. It is expected to significantly improve the HRD in Coop.s , provided the package is implemented in right earnest and the management teams accept the role of professional leadership for competitive functioning.



Dr. PVA Rama Rao making a presentation at the seminar

- c) It is strongly recommended that HRD plans and initiatives should be in synch with business expansion and diversification plans of SCARDBs and PCARDBs so that adequate business levels are restored to avoid idling of staff and facilitate their lateral and vertical movements within the organization. The programs may be structured in 2 tiers. One for general skills and the other for specialized skills for core staff in areas like BDP , Resouce Management . Recovery Management and Technology Upgradation , etc/
- d) For effective coordination in imparting training , there should be a Coordination Committee involving all major players (Particularly NCCT and Federation) under the leadership of NABARD to Design, Implement, Monitor and Evaluate (DIME). The above Committee should also prepare uniform course material , case studies, Sector papers , model schemes . operation manuals etc . and develop pools of resource faculty for common use (skillful and cost effective)

6.4 Technology

- I. Technology is playing a key role in Banks' strategy for gaining a competitive edge thro' improved efficiency and economy. Many Commercial Banks and RRBs have put in place the Core Banking Solutions and the computerization has been receiving high importance in these banks. Another major development witnessed in the CBs is the growth in multiple delivery channels to customers such as Internet banking, mobile banking (ATMs) and anywhere banking. While customers now have a wide variety of options to choose from, banks have been able to reduce costs, which has had a positive impact on their profitability. The CARDBS have to graduate to fall in line with their peer group lest they may lose their ground, let alone level-playing-field.
- ii. Secondly, as Indian banking gets increasingly integrated with global banking and as Indian economy throws up newer opportunities coupled with newer challenges to the Indian banking sector, there would be a requirement of newer skills and newer competencies. With increase in the use of high technology, coop. banking sector needs to go in search of hybrid professionals, well versed both in banking and technology, besides coop. ethos.
- iii. With the support and assistance available from NABARD, both under Revival Package as also its CDF, banks should leverage technology for securing improved efficiency and economy in the management as well as operations by graduating to operate from a strong technology platform.

7. Reforms package under the Vaidyanathan Committee-I: (Task Force)

- 7.1 GoI's concern at the decline in the share of cooperatives in the dispensation of rural credit and the serious impairment of RCC structure on Financial, Governance and other fronts prompted the setting up of a Task Force, viz., the Vaidyanathan Committee-II (VC-2) in 2005 with the task of suggesting an implementable action plan for reviving the structure. Based on its recommendations, GoI has finalized a

package for revival of the CARDBs. The package, when implemented, will help revitalize the SCARDBs and the PCARDBs and trigger higher levels of credit flow for LT investments to around 16 million members of the CARDBs. The VC-2 Package which is now central to the exercise of Restructuring and Revitalisation of the CARDBs, responding to the tenets of Financial Sector Reforms, envisages :

- a) provision of liberal financial assistance to bring the system to an acceptable level of health, both financial and organizational as well as managerial.
- b) introduction of legal and institutional reforms essential for their autonomous, democratic, member-centric self-reliant and efficient functioning and
- c) initiating measures to improve the quality of management.

The operative part of the Vaidyanathan Committee-2 package is given in Annexure.

- 7.2 In tune with the recommendations of the Task Force on the STCCS, the package for the CARDBs should also be viewed as an integrated package and implemented as such to revamp all departments of their functioning. It needs to be re-emphasized that the revival of the CARDBs cannot be achieved only through a financial one-time package which is liberal in accommodating the existing financial impairment of the structure. The one-time package needs to be accompanied by institutional, legal and regulatory reforms that could enable the structure to function in a sustainable manner and prevent it from falling back into impairment.

8. Business Model – Imperatives for Paradigm Shift

- 8.1 Post - reforms under the VC-2 package, all the units in the CARDBS are required to graduate to a financially strong, viable and sustainable growth model to operate in the competitive market on a stand-alone mode.

Table 4
Performance Bench Marks

Start up Bench Marks	Competitive Market Levels
CRAR 7%	12% - 15%
NPA 20% Recovery (50%)	3% - 5% (80%-90%)
Operating Expenses 50% (% of gross income)	2% of W.C / equal to income from non-fund business.

To achieve the inevitable, the Banks have to deepen and widen their business quantitatively as well as qualitatively. While the perceived new business model largely will be institution / area specific, the broad outlines for the same are indicated below:

Alongside, they have to improve their resource base to the required levels and institute sound systems and practices to ensure the new business model responds adequately to the imperatives and market demands.

8.2 Business- Development : Road Map

8.2.1 Need for Diversification

- (a) The basic weakness of the structure is that it offers only a single product, viz., long term loans. To graduate to Demand-Driven, One-Stop Credit Dispensation, the LTCCS should be enabled to provide working capital and investment loans in both farm and non farm sectors as well as loans for other purposes like consumption, housing, etc. It should respond to the aspirations of providing “one-stop” dispensation of total credit needs.
- (b) The VC-2, while recognizing that the ST and LT structures catered for different rural credit needs, emphasized the need for coordination between them. Significantly, the Committee even suggested that while maintaining their separate legal status, the two structures should consider having a common pool of administrative staff, common building wherever feasible, a common board, or at least boards with overlapping membership.
- (c) In order to establish bridges and facilitate greater interaction between the two structures, LTCCS need to leverage on the outreach of PACS and also that the apex institutions in both structures join hands in providing support services like technical manpower, audit and supervision, etc., required by the federal units in both the structures.

8.2.2 Rural non-farm incomes and employment

- i) While “India lives in her villages”, 60% of the rural population live on agriculture, and the rest have to survive on non-land based activities. However, it is getting increasingly difficult for agriculture to retain the work force with reasonable livelihood. At the same time, they cannot be allowed to migrate to urban areas in view of fragile urban infrastructure and environmental threats, besides shrinking absorption capacity in industry (post-reforms) because of its near jobless growth.
- ii) The sustainable development of rural off-farm and non-farm sectors provides incomes and employment to the rural unemployed and under-employed in the traditional artisans / craftsman groups and it has now assumed greater importance and urgency. Traditionally, a major role has been taken by the sector-specific (functional) coops, particularly the weavers sector besides village traditional arts and crafts. Unfortunately, the credit support (Financial Inclusion) from institutional sources is highly inadequate and ineffective in as much as sustainable livelihood is not taken care in a holistic manner.
- iii) There is an urgent need for the Coop.s to share this responsibility with timely and adequate credit support in addition to / in association with the functional societies.

8.2.3 Rural Housing

Providing Housing for the rural poor has emerged as one of the top priorities of the GoI, and RFI's are required to take the call for designing appropriate loan products targeting the low income groups. While targeting the rural poor for housing has traditionally been out of the formal RFI's due, mainly to high investment outlays and inhibiting repayment capabilities, microfinance (ie.SHG route) has become an innovative and sustainable channel to provide low income groups with access to housing finance.

GoI is coming with low-cost Eco-Friendly housing designs while development finance institutions (NABARD , NHB, HDFC, LIC and HUDCO etc) are opening up funds and technical support to the RFI's to encourage covering rural poor with housing finance . Keeping in view the Rural Housing as a national priority and with the technical and financial support lined up by the GoI and various other agencies on the one hand and the high demand from the target group on the other , RFI's , particularly the RCCs , have to design location specific and need based products to help the poor with a shelter more aggressively and facilitate FI in a tangible way . As experience has proved , SHG will be the best delivery channel for the purpose.

8.2.4 Business Innovation

- i. At present, Primaries as well as the apex units in the CARDBS are equipped to handle only small loans which do not fetch adequate profit. Big proposals find their way to other banks. Many MNCs and Corporates are into Agri. Business and SLDBs may exploit these big ticket opportunities to secure cross subsidization, with direct or indirect credit support policies.
- ii. Similarly, financing the farmers linked to agro export units under floriculture, fruit processing and sea foods exports etc., may be undertaken by the SCARDBs having the requisite expertise with legal and technically qualified personnel.
- iii. A new concept in Banking called "Business correspondence and the Facilitator model" was introduced by RBI in 2005. Taking advantage, the Banks and its Primaries may tie up with an indigenous corporate, a multinational or CBs, who need such out-sourcing support for appraising, supervising and monitoring of their portfolios. Some PACS are undertaking this type of activity. As the activities at the Primary are seasonal, the existing staff can be utilised for the purpose, which will augment their income as also improve their field contacts. During the visits they can monitor and carry out their recovery drive also
- iv. Financing of SHGs / JLGs has established itself as a successful model, both for providing access to banking products for hitherto unreached as also for meeting the objectives of financial inclusion, which is a national priority. The loan products with in-built group dynamics and ethical standards ensuring 95% recovery under this segment have proved to be successful to the banks as also to the beneficiaries who could put themselves on the path for securing sustainable livelihood with women/social empowerment. NABARD has also been providing

incentives for encouraging the SHG / JLG model with the promotional and financial support to the banks. Many cooperative banks have taken up this programme for mutual advantage. It is, therefore, suggested, strongly, that the SHG / JLG model for financing of the rural clientele may be taken up by the SCARDBs.

"SHGs are more closer to the coop principles than the coops themselves"

"Rediscovering Coop (1996), IRMA"

The broader framework of Inclusive Growth focusing on rural poverty alleviation calls for a wider canvas for Financial Inclusion. The participation of Coops in the program of Financial Inclusion has not been significant and they should involve to get giant share in it as it belongs mainly to Coop. segment and not commercial one. They should draw the lessons from the successful model of Orissa.

"The financial exclusion is most severe in certain regions and among certain economic and social groups, mainly backward rural areas.

Early implementation of Vaidyanathan Committee revival package, strengthening the involvement of Cooperative Banks in SHG – Bank linkage with enabling legislation for admitting SHGs as members of the PACS, use of PACS and other primary cooperatives as business correspondents of Commercial Banks/RRBs are to be seriously considered.

Dr. C Rangarajan Committee on Financial Inclusion

- v) New and non-traditional business products have to be carefully designed, keeping in view the national priority areas and local requirements in the promotion of Inclusive Growth. Some of the more important areas the banks are required to take a call for credit dispensation ON A MISSION MODE
- vi) NABARD would do well to subsidise establishing TME cells in all the SCARDBs with grants from its CDF and make them accountable for performance with rigid targets fixed for expansion and innovation, keeping in view the imperatives of IG thro' FI.

Besides providing guidelines and skill imparting to help ARDBs to adequately and effectively participate in the implementation of the National Priority programs.

8.2.5 Non-Fund Business Opportunities

- I. The VC-2 suggested permitting and encouraging the LT units to provide fee based services like issue of guarantees, collection of out station bills, money transfers, lockers, and agency business. Innovative and enterprising units can also venture into e-products like payment of utility bills, railway / air travel ticketing and information centres, etc.
- ii. Under a package deal with insurance companies, the Banks can also cover their entire group of borrowers, for life and accident risk at a reasonable premium. This has twin advantages

- In the event of an unfortunate death of a borrower the outstanding balance is secured by the Insurance, and
- Get the benefit of cross selling of the said product.

8.2.6 Coop. Social Responsibility

The field of Cooperative social responsibility is actually one of the obvious strengths of the cooperative movement. We have invented cooperative social responsibility and we must remind the world that in-built to our already efficient economic business module, there is a natural social element, which is why cooperatives are different from others.

Lian Macdonald, DG, ICA (2008)

PPPP – Public, Private and Panchayat Partnership for Inclusive Growth thro' Inclusive Governance is emerging as a vibrant delivery mode for rural investments as rural economic growth requires a robust service enterprise framework with public and private stake-holders,.

Referring to India's grappling with endemic backwardness in over 200 districts (about 40 % of total) and related issues of agricultural productivity and value addition , PPPP model was advocated by the IMF, Delhi office in its Report “Creating Vibrant PPPP for IG thro' Inclusive Governance “ to be implemented thro' a SPV like NGO/ Village Cooperative . RCCs should move on to an aggressive role to participate in this SPV for mutual benefit at the participants level and Growth with Equity at national level.

8.3 Resources Mobilisation

- i. The capacity of a structure to include multiple products in its portfolio would depend largely on its ability to raise resources at competitive rates from a variety of institutions. The VC-2, therefore, recommended that any unit in the LTCCS should be free to borrow from other FIs also, without the inevitability of having to deal only with its upper tier. It was also in favour of the structure being permitted to raise funds from the market, through appropriate instruments depending on the strength of its financials.

“The continued dependence on single agency for funds is detrimental to the growth and long term interest. It can be overcome only when alternative avenues are explored in addition to the NABARD. Any unit in the LTCC structure should be free to borrow from other Financial Institutions directly from the market through appropriate instruments, depending on the strength of the financials”

Vaidyanathan Committee - 2

- ii. Since NABARD remains a major source of funds for both the short-term and long-term structures, it is necessary to amend the NABARD Act also to allow NABARD to provide its resources either directly to PCARDBs or indirectly through other FIs to SCARDBs.
- iii. It is essential for the Bank to look to other alternate sources, though limited due to limited strength of its financials. To meet the minimum levels of business



Dr. L.K. Vaswani addressing the participants of the seminar

suggested above and for financing new schemes suggested, it is imperative for the Bank to explore other possible sources as well. In the given situation, the following sources are suggested for exploration:

- a) Improve owned funds (Capital + Reserves) position
- b) Strengthen the existing public deposit route
- c) Continue to raise funds through SDD route as hitherto.
- iv) ARDBs should, with the support and guidance from NABARD, go for credit rating from accredited rating agencies to secure funding support from Commercial banks and other agencies without government guarantee. Federation of ACARDBs should simultaneously initiate steps to set up, with the support and guidance from NABARD, a dedicated rating agency for ARDBs in collaboration with CRISIL or similar agencies
- v) Alongside, banks, with the help of NABARD and SEBI, and under the leadership of Federation, develop a Secondary market for trading in mortgage securities.

8.4 Systems/Procedures/Controls :

- 8.4.1 i. Above stated products, businesses and services can be introduced in the existing frame work and available financial, human and other physical resources. Simultaneously, the selection of borrowers, good appraisal of proposals, internal control, supervision and monitoring have to be streamlined.

- ii. While this may seem a positive factor from the point of portfolio diversification and asset liability management, the flip side is that these banks could diversify into new business areas only after adequately preparing their human resources by way of training in the required skills.

8.4.2 Loans appraisal & simplification in systems & procedures

Timely and hassle free disbursement of loans is the test of good business. There was inordinate delay in sanctioning and loan disbursements. Non-availability of funds with the Primaries besides inadequate delegation of powers were some of the reasons for such delays. Such time consuming processes do not attract good customers. Only those having no avenues could wait so long to avail facilities - mostly unseasonal, leading to diversion of funds, non implementation of projects and finally loan delinquency.

8.4.3 Supervision over end use of funds & Recovery Practices

- i. Continuous watch and supervision over advances is essential for quality assets. Effective supervision and monitoring was lacking for want of technically qualified personnel, transport facilities for Field Officers, absence of codified instructions on procedures. Insufficient recording system and absence of regular planned visits resulted in poor borrower contact, ultimately affecting recovery.
- ii. A strategic plan for recovery of loans and reduction of NPAs should be drawn up enlisting the support and cooperation of the Directors, followed by an objective and constructive review by the Board at each of its meetings. Such reviews should be based on loan defaults (area-wise / sector-wise) and case-by-case analysis of chronic defaulters. Expeditious settlements under OTS, incentives to good payers and education of borrowers on timely repayments are some of the strategies the Banks may adopt to improve recovery.
- iii. Among other policy initiatives for ensuring better recycling of funds, the more important to be operationalised are:
 - The most important constraint in effecting recovery is the difficulty to enforce the security of agricultural lands. To overcome this problem, state farming corporations (or similar state corporations) may be entrusted with taking over lands put up for sale. This will quicken the process of recovery by enforcing security at reasonable price (This is already in vogue in some states.)
 - Alternatively, appropriate AMC's may be identified or set up in each state to deal with the transfer of security.

8.5 Risk management and Capital Adequacy

8.5.1 Risk Management

"Coops. is all about managing high volumes of low value transactions and the credit and operational risks associated with them"

(BIRD Publication on MFI Seminar , 2009)

- i) Risk management / mitigation is one of the serious limitations, as the Agriculture sector is highly prone to many risks, both natural(eg climate risks , price risks , technology risk , etc for farmers) and man-made (ie poor recovery syndrome and consequent losses to bankers). In Agricultural sector , unfortunately, “ Credit “ is made the Villain in all calamities – more for political advantage – and Govts. rush out with loan waivers , across the board, instead of evolving need-based holistic solutions to farmers problems. A host of risk management devices have been developed and propagated thro' regular training, which should skillfully be put in practice.(eg. setting up Asset Management Systems and appointing Recovery Managers , etc)
- ii) While Insurance provides only relief , the most effective tools are prevention of risks thro' insulating the operations from external interferences and improving the systems management..
- iii) Yet another important tool, particularly to mitigate losses arising out of inadequate incomes of the poor clientele is to enrich the quality of living of vulnerable groups with additional income from complementary / supplementary activities in livestock / fisheries and non-farm sectors. Better rural health education and natural resources management besides better rural infrastructure will go a long way to raise the standards of living of vulnerable groups which is essential for inclusive growth with equity.
- iv) Having credit dispensation as the main activity, the banks primarily face Credit risk, Liquidity risk, Operational and Exposure risk. Prudential norms ensure Credit risk mitigation. Liquidity risk arises on account of poor recovery and consequent inability of the Primaries to repay the Bank loans. The Issue of imbalances also exposes the Bank to the same risk. Improving internal control/supervision with processes, Operational risk is to be addressed, while the Exposure risk needs to be talked, through a long term credit policy, risk pricing and stipulated sector wise exposure.

8.5.2 Capital Adequacy

- i. With a view to strengthening the capital base of the ARDBs the Vaidyanathan committee Task Force has suggested maintaining a minimum CRAR of 7% to be raised to 12% in five years. The issue of stable capital with increasing risks assumes importance. To meet this,
 - Minimum share amount for the Primaries be increased to at least Rs.10 thousand per share.
 - The Apex Banks may float unsecured debentures which may be subscribed to by the Primaries, particularly those doing good business.
 - Redemption of such debentures may be permitted only if CRAR of the apex bank is above the minimum stipulated.
 - Cooperation being a peoples' movement, having derived the benefit from the Bank, the borrowers may be educated to support the Bank in their

relatively good times; instead of adjusting the share capital to the last installment of loans, they may be persuaded to further keep it in fixed deposit for at least for 3-5 year with applicable rate of interest.

- If some members are willing, the same amount could be converted as unsecured debenture of 5-7 years term, carrying a coupon rate little higher (say 0.25% or 0.5%) than that payable on Deposits.
 - Such borrowers availing subsequent loans, additional share should not be insisted upon if the debenture covers up to 5% of the new loan disbursed. If the maturity term of the deposit is insufficient to cover the new loan, the borrower should agree to re-invest on redemption date for a further period suitably to cover the loan maturity / repayment.
- ii) Primaries should endeavour to widen their membership base and encourage them to avail of the financial facilities. To encourage more share holding say above five shares, incentives by way of suitable discounts on purchases from their retail stores could be offered as the Unique Selling Proposition.

8.6 Business Development Process

- i) All the credit cooperatives under the ST as well as the LT structures are presently preparing their Annual Action Plans for business development under the MOUs executed by them with NABARD. Post VCR-2, such AAPs should graduated to enable the intuitions to become self reliant , financially vibrant, organizationally efficient and managerially prudent. The plans should be institution specific, mapping for sustainable growth in the prescribed time period of 3 to 5 years.
- ii) The Plans should be implemented under the guidance and supervision of an empowered committee of experts with a dedicated team of executives of the institutions concerned and under the guidance and support of NABARD.
- iii) The performing entities will remain in the system while the others have to exit.

9. Restructuring of CARDBS

9.1 Federal Structure :

The existing federal structure with the Bank at the Apex level and Primary banks at the ground level will be more suited for local involvement of members, building up of local leadership in tune with cooperative values and ensuring umbrella support from the Apex level.

9.2 Restructure of PCARDBs :

- i. The present status of the functioning of the Primary banks vis-a-vis the required standards of sustainable viability to graduate to stand-alone mode in the competitive environment point to the imperative that these units with low business levels and poor working results cannot achieve the goals – i.e.

provision of timely , adequate and right credit for meeting the investment credit needs of their members on the one hand and on the other , securing for themselves sustainable viability - in their present organizational form.

- ii. Broadly any re-designing and re-engineering exercise should address, among other things, the stipulated prudential standards prescribed by RBI / NABARD and bench-mark performance laid down in the VC-2.
- iii. Revisiting the above background in great detail, it is strongly suggested that the Primary banks could be restructured into district level banks with the existing taluka level primary banks converting themselves as branches of the district primary bank, operating at taluka level. The Primary banks in the District will merge with it and become its branches at the taluka level. With this, the DLPB will have better prospects of emerging, effectively, responsive to the needs of its members and realizing sustainable viability because of aggregation of Primary banks, as evidenced by empirical data.
- iv. If the DLPB is viable or potentially viable, it can - except in extreme cases – take care of its non-viable branches as it will have the advantage of cross-subsidisation of losses. Since the staff of the existing taluk level primary banks will become staff of DLPB, re-location or re-deployment of staff could be effected to the advantage of the new structure. The staff mobility will improve and they will have better career prospects than in a taluk level Primary bank. There will not be boards at the taluk level branches of the reconstituted district level Primary bank and thus it is possible to save on management costs too.

9.3 Reorganization of Branches of the SCARDB

In the above restructured model, the present district level offices of the Apex Bank will be found to be redundant. However, in order to carry out responsibilities of the Bank in the matter of supervision and control over the Primary banks, there could be 3 or 4 Divisional or Zonal Offices of the Apex Bank covering 6 to 8 DLPBs. Such offices could be located at the Apex Bank HQs or at the level of revenue divisions as decided by the Board of the Apex Bank, keeping in view the financial prudence and functional efficacy requirements. They exercise decentralized powers for effectively supervising the Primary banks, besides carrying out such other functions which are presently handled by the District Offices. Loans exceeding certain prescribed limits will be processed by such zonal offices and sanctioned to the DLPBs concerned for disbursement through the branches of the respective district level DLPBs. The position of surplus staff arising from this exercise could suitably be dealt with in the restructured DLPBs as suggested above or at the Head Office of the Apex Bank.

10. Development of Cooperatives - Policy Environment

“Let Coop Philosophy be an integral part of every aspect of human development for growth- from sustainable livelihood to the poorest citizen to food security to the nation”

Main streaming the cooperatives

10.1 Imperatives of supportive policy environment

- I In our country, political leadership has gradually taken over the coop. leadership and political expediency has marginalized the coop. principles of democratic values and functional autonomy, resulting in the prudence in business management giving way to narrow political gains. This strong malady has led to the severe impairment – managerial, organizational and operational - in the movement.
- ii Successive expert Committees have suggested for restoration of coop. values in the movement and finally a ray of hope has emerged from the revival package under way following the recommendations of the Vaidyanathan Task Force (2006). The packages, separately framed for the ST and LT structures of rural credit coops envisaged full financial support to cleanse the balance sheets of the individual institutions by the Governments at the centre and the concerned states to make the structures.

“WELL MANAGED, MEMBER-CENTRIC AND VIBRANT TO SERVE THE TOTAL CREDIT NEEDS OF THE FARMERS AND THEIR OTHER MEMBERS”.

10.2 Relief to Farmers under stressed conditions

- I. Governments at the Centre as well as at the States roll out relief by way of interest concessions and repayment waivers in the cases of natural calamities damaging the crops / yields. While the intentions of such packages are pious, in practice, they are implemented across – the - board and often not reaching the genuine and the needy, either wholly or in part, thus defeating the well meant purpose of relief measures. This has also caused severe damage to the recovery climate, resulting in erosion in the financial strength of the institutions
- ii. In this context, it is reiterated that the standard prudent suggestions for ameliorating the farmers distress in the right way and spending the ex-chequer's scarce resources with expedience need urgent consideration by the policy makers as well as the other stake-holders for introduction without any further delay.

10.3 Special Status to Rural Credit Cooperatives

If past experience is any guide, it is time to provide constitutional safeguards for the healthy growth of the cooperative movement, uninterrupted by the political activism - as in the case of the Panchayat Raj Institutions (PRIs), whose autonomy is guaranteed by the 73rd Constitutional Amendment.

The essence of Cooperative Movement is in its non official and self reliant character, making for close contacts and mutual applications (I self help and mutual help)

- India's 1st prime Minister Jawaharlal Nehru

Keeping in view the critical importance of a strong rural credit cooperatives set-up

for the growth of the rural segment of the national economy, it is highly important to sustain their vibrant functioning. As, of late, institutional interests are subordinated to political expedience, it is worth graduating the Cooperatives as constitutional entities like Panchayat Raj Institutions (PRIs) through appropriate amendments to our Constitution.

10.4 Cooperative Education

All efforts should be made for building up coop leadership for the posterity from the youth, just as building up national leadership. Accordingly, for this purpose, as in the case of national freedom movement, lessons on the glorious past, inspiring success stories and mighty contribution of the coop. movement and its illustrious leaders should be made part of the curriculum of primary and secondary school education.

Knowledge is power and power leads to empowerment "India Tomorrow will not come just about with just one magic bullet"

Noble Laureate Amartya Sen

11. Epilogue

- i. It needs to be reiterated that a managerially sound, organizationally efficient and operationally vibrant ARDB structure is an urgent and strong imperative for re-orienting the growth trajectory of the agricultural sector through robust capital formation in the sector. And cooperatives, and none else, are the tested vehicles to reach this goal
- ii. With the last opportunity for availing the one-time financial assistance from VC-2, (or alternatively from the State Government) now available to cleanse the balance sheets on the one hand and the imperatives of taking the LTCCS (particularly the Primary banks) through need - based and result-oriented DAP implementation to operate from a position of strength on a stand alone-mode in the competitive environment on the other, all the stake-holders should join hands in the prime task of structural re-engineering of the system with shared commitment and full sense of urgency and priority.
- iii. The long suspense and distressing wait for GOI's financial assistance for the implementation of the Reform Package for revitalization of the SCARDB structure should end , as any more suspense and wait will make the reform process more difficult and challenging. The GOI 's lip sympathy reflects its lack-luster interest in the reforms for SCARDBs- despite the well recognized fact that the SCARDBs alone can handhold the Indian Agriculture - by effectively supporting the capital formation in the sector through credit dispensation - to sustainable growth to secure food security to the nation and inclusive growth for the farming community.
- iv. Accordingly , the reforms package should be commenced forthwith – with or without the financial assistance under the VCR - 2 package, what with the firm

determination of the entire community of the SCARDBs , at all its levels. It happened with small units like RRBs and it can happen with the gigantic army of leaders , members and staff within , well poised to take on the challenge and post victory.

- v. Also , coming as it does on the eve of the launching of our 12th Five Year Plan , the Brain storming Seminar involving very eminent persons from the top echelons of various stake holders in the rural coop.s will be able to provide the policy makers as well as all others concerned with Agriculture a micro model Road Map for promoting and protecting our Agriculture thro' rural coop.s , primarily the ARDB structure.and restoring its due place of eminence in the rural coop credit system, securing Sustainable livelihoods to the farming community and food security to the nation.

“Restructuring and Revitalisation of CARDBs is not an option but compulsion”



Dr. Dinesh, CE, NCUI speaking at the Seminar

Repositioning of Cooperative Agriculture and Rural Development Credit Structure – Vaidyanathan Committee-2 Package

Vaidyanathan Committee-2 Main Recommendation (Package)

1. The Financial Package

In tune with the recommendations of the revival of the STCCS, the financial package for the LTCCS would cover accumulated losses and technical assistance including installation of a computerised standard accounting internal control, monitoring and information system, and training and capacity building of the staff and elected representatives. As the PCARDBs are expected to provide a wider range of financial services after restructuring it is all the more necessary for them to have aggregate capital. Any amount required for reaching a CRAR of 7% may also be included in the package.

2. Criteria for Eligibility to Receive Assistance under the package

Although loans provided by the LTCCS are secured through collateral, the structure has found it difficult to enforce the same. Also, the percentage of recovery of a long term loan at any point of time is not the true indicator of the recovery performance of the LTCCS because future instalments of the same loan are still due. The criteria for eligibility to receive assistance under the package, therefore, need to be more stringent for the LTCCS than it is for the STCCS.

The Task force therefore, recommends that only that PCARDB/ unitary branch

- a) whose gross interest margin is equal or greater than 50% of its operating expenses, &
- b) whose recovery is equal to or more than 50% of the demand may be considered eligible to receive financial assistance under the package directly.

3. Accumulated losses and sharing Pattern

- a. In tune with the conditions for the STCCS, the GOI may bear all losses arising out of LT loans for agricultural and related activities estimated at Rs.2291 crores. State Governments may pay upfront existing dues from them estimated Rs.80 crores. Losses arising from non-agricultural loans by the structure may be borne equally by the concerned State Government and the LTCCS.
- b. The GOI may also bear the entire cost of special audits technical assistance including HRD efforts, and implementation costs estimated at Rs.164 crore. As NABARD has all along been the sole source of resources for the structure and therefore responsible or maintaining lender's discipline, it is recommended that NABARD may share the cost of HRD efforts with the GOI on a 50:50 basis.
- c. It is reiterated that recapitalization of the LTCCS is not equivalent to writing off of such loans and all efforts must be made to recover such loans from the

borrowers specially as all these loans are secured through collateral and the State governments need to facilitate such recovery through due legal process.

- d. The aggregate financial package including a contingency amount of Rs.1,500 crores is estimated at Rs.4837 crores.

4. Legal Reforms

- i. Amendments to the Cooperative Societies Acts, as envisaged in the Task Force report for the STCCS, will be applicable to the LTCCS also. These amendments will make the PCARDBs fully autonomous and allow them flexibility in borrowing and making investments.
- ii. NABARD Act may be amended to allow it to lend directly to any unit of the LTCCS or through any FI on the basis of the financial strength of the ARDBs and without necessarily taking State government guarantees. Necessary provisions will have to be made to allow SCARDBs to access public deposits under suitable regulatory and supervisory arrangements.

5. Implementation Mechanism

NABARD will be the principal implementing and pass through agency. Implementation and monitoring committees will be constituted at the National State and District levels. Once the GOI announces the package, states may be given up to two years to accept participation and complete implementation within a period of three years from the date of signing of the initial MoU with the GOI.

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Food Security and Cooperatives

◇ Dr. T.Paranjothi* ◇ K. Ravichandran**

Introduction

Food Security is a key issue which is being deliberated by everyone today. To ensure food security we need to improve agricultural production provide necessary inputs and storage facilities. Cooperatives are definitely a suitable agency to fulfill this task. This paper discusses the issue of food security, the credit provided by the cooperative and the role of cooperative credit society at primary level.

Food Security

Food Security can be explained as the availability of enough food to all the people at all the times where people have physical and economic access to sufficient, safe and nutritious food to meet the dietary needs and food preferences for survival and active and health life. For ensuring food security three important events have to take place, they are production, distribution and consumption which is also called a food security cycle. Food security involves physical, economic and social access to every child, woman and man in our country. The scale of challenge of assuring global food security is reflected in current projections for population growth, and the accompanying projected growth in the demand for food. According to the Census of India (2001), the population of India is expected to increase from 1029 million to 1400 million during the period 2001-2026-an increase of 36 percent in twenty-five years at the rate of 1.2 percent annually. As a consequence, the density of population will increase from 313 to 426 persons per square kilometer. With the impending climate change scenario, a relatively sizable chunk of land is going to become uncultivable due to water shortage and some land in the coastal belt is going to be inundated due to sea level rise. India's per capita water availability is expected to fall from 1820 million cubic meters per year in 2001 to 1140 in 2050. Food became expensive and inferior in quality. Johnny Mathew (2010) in his article Food Security-Yesterday, Today & Tomorrow stated that food became expensive and inferior in quality. Over the past years–

- The number of persons consuming food has increased, but
- The number of persons who produce it (farmers) has decreased. The production and productivity of food has increased, but
- The quality of food has drastically decreased.

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- The prices of food has increased but
- The sharing of food has decreased.
- The control over food has increased for a few, but
- The availability has decreased for the masses.

India's Initiatives to ensure Food Security is placed at Annexure-I. There is a large untapped production reservoir available in Uttar Pradesh, Madhya Pradesh, Bihar and Rajasthan for wheat. The ICAR Wheat Directorate in Karnal has calculated the additional quantity wheat that can be produced which is presented in Table 1.

Table-1
Achievable Targets by Bridging Yield Gaps through Available Technologies
Under Irrigated Conditions (Based on National Demonstrations)

State	Current Area 2003-04 ('000 ha)	Current Yield Gap t/ha	Additional Production Possible ('000 tonnes)
UP	8418.0	1.346	11330.5
MP	2831.8	2.071	5864.7
Rajasthan	2103.1	1.646	3461.7
Bihar	1483.0	1.196	1773.6
Haryana	2303.0	0.581	1338.0
Gujarat	660.7	0.714	471.7
Maharashtra	581.1	0.656	380.0
Karnataka	97.0	0.998	96.8
Punjab	3444.0	0.241	82.9
Total			24800.0

There is vast scope for increasing rice production in West Bengal, Assam, Orissa, Andhra Pradesh, Tamil Nadu, Karnataka and Kerala.

India's food security context is formed by several public programmes related to various governmental sectors, but these initiatives are not organized into a single, strategic framework and their interactions are not coordinated in a common structure. Currently, the main mechanism for dialogue among the sectors involved in food security is the Empowered Group of Ministers (EGoM), entrusted with analyzing the proposed National Food Security Act (NFSA) and additional food-related issues such as import duties and bans on exports.

The Empowered Group of Ministers on Food approved the Food Security Bill which seeks to provide legal entitlement for subsidized food grains to more sections of the population, apart from those below the poverty line. Accordingly to official sources, 75% of rural households will get subsidized grain under the epochal law. Of these, 46% would be considered as 'priority' category, and each person in these households will get 7 kg of grains

a month at heavily subsidized prices-Rs.2 per Kg for rice, Rs.3 for wheat and Rs.1 for coarse grains. In case of urban centers, out of the 50% of the total households to be covered under the scheme, 28% would get 'priority' status. (Financial Express, 12th July, 2011)

The meeting of the Planning Commission discussed the issues for the approach to the 12th Five Year Plan and was of the view "the basic objective for the Twelfth Five Year Plan must be faster, more inclusive and sustainable growth." It was of the view that the growth target of even 9% would be difficult given the constraints. In the short to medium run, the main constraints relate to insufficient agricultural growth leading to inflation, growing skill shortages, and the unsettled global economy. In the longer run, the environment and natural resources, particularly energy and water, pose serious challenges. The Planning Commission therefore proposed a target range of GDP growth of 9 to 9.5%. The Planning Commission had conviction that inclusive growth strategy is essential to address or to make the target growth feasible. The following key instruments were identified for making growth more inclusive:

- (i) Better performance in agriculture (at least 4% growth)
- (ii) Faster creation of jobs in manufacturing. We should specify a target for extra jobs to be created in this sector in next 5 years. This will be worked out in greater detail, but at its heart lies our ability to spread industrial growth more widely.
- (iii) Both agricultural and manufacturing growth will depend upon the creation of appropriate infrastructural facilities in a widely dispersed manner. Rural connectivity is particularly important in this regard, especially in the backward areas and the north-east.
- (iv) There must be a much stronger effort at health, education and skill development.
- (v) Reforming the implementation of flagship programmes to increase their effectiveness in achieving the objective of greater inclusion.
- (vi) Special challenges focused by vulnerable groups and backward regions. The need for a special focus on backward regions has particularly become urgent.

The recorded food grain production in 2010-11 was the outcome of initiatives of the state and Union government. The state of Uttar Pradesh, Punjab, Assam, Orissa, Tripura, Chhattisgarh, Haryana, Maharashtra, Rajasthan and Karnataka have shown better performance. (The Hindu, July 10, 2011).

Credit

The Government of India constituted a Task Force under the Chairmanship of Sh. U.C.Sarangi, the then Chairman of NABARD to look into the issue of large number of farmers, who had taken loan from private money lenders not being covered under the loan waver scheme. The Task Force noted that "as per the All-India Debt and Investment Survey (AIDIS), 2002, the share of non-institutional sources in the debt of cultivator households increased from 30.6% in 1991 to 38.6% in 2002, reversing some of the positive achievements made during 1980s. A more disquieting feature of the trend was the

increase in the share of moneylenders in the total debt of cultivators from 17.5% to 26.8% during the same period. The report also observed that there was an inverse relationship between land-size and the share of debt from informal sources. Moreover, a considerable proportion of the debt from informal sources was borrowed at a fairly high rate of interest. About 36% of the debt of farmers from informal sources had interest ranging from 20 to 25%. Another 38% of loans had been borrowed at an even higher rate of 30% and above, indicating the excessive interest burden of such debt on small and marginal farmers." This indicates the dependence of small and marginal farmers on informal sources of credit. It stated on the role of farmers the business of farming is not just an issue of individual livelihood but is also critically related to the nation's food security, and, therefore, farmers must have access to credit. The Task Force saw in the small and marginal farmer, whether owning land or not, a risk-taking entrepreneur contributing to economic growth, and observed that the farmer is an important player in the financial, labour, inputs and commodity markets, who, because of the small size of transactions in the market place, gets marginalized. The experience of well functioning primary cooperatives and SHG federations suggests that alongside external agencies, women and men farmers' own institutions are needed to help aggregate the transactions and benefit from that.

Table - 2
Percentage Distribution of Number of Accounts from
Institutional Sources across size-class, 2001-02

Size-class of holdings (hectare)	Share of holdings	Proportion taking Institutional credit	PACS	LDB	CB	RRB	All
Marginal, <1.00	60.6	14.0	67.1	8.2	10.8	16.8	102.8
Small, 1.00-1.99	20.0	27.7	65.5	8.6	12.9	17.4	104.3
Semi-Medium, 2.00-4.99	12.4	31.6	66.1	9.1	13.1	17.8	106.1
Medium, 4.00-9.99	5.9	33.1	67.2	10.4	12.5	19.6	109.7
Large, 10.00 & above	1.1	29.4	69.3	13.6	13.1	22.4	118.5
All Classes	100.0	20.2	66.5	8.8	12.0	17.5	104.8
(Numbers in lakh)	1077.1	218.0	144.9	19.1	26.2	38.2	228.4

Note: PACS denotes Primary Agricultural Cooperative Society, LDB denotes Land Development Bank, CB denotes Commercial Bank, RRB denotes Regional Rural Bank. The % from all do not add up to 100 because some holdings have loans from multiple sources. Calculations are based on estimates of credit from Agricultural Census, 2001-02.

Source: Agricultural Statistics at a Glance, 2009, Ministry of Agriculture, Government of India.

Table 2 reveals that the marginal and small size holdings constitutes 80.6% however the proportion taking Institutional credit is only 14.7. It is interesting to note that small medium, medium and large farmers who constitute 19.4% where availing about 30% credit from Institutional sources.

Table - 3
**Percentage Distribution of Number of Accounts from
 Institutional Sources across size-class, 2001-02**

Size-class of holdings (hectare)	Share of holdings	PACS	LDB	CB	RRB	All
Marginal, <1.00	17.6	54.5	12.7	9.6	23.2	100.0
Small, 1.00-1.99	20.0	47.1	11.2	21.5	20.2	100.0
Semi-Medium, 2.00-4.99	41.5	21.5	5.8	61.7	11.1	100.0
Medium, 4.00-9.99	16.4	45.8	13.7	12.8	27.8	100.0
Large, 10.00 & above	4.4	42.0	12.2	12.8	33.0	100.0
All Classes	100.0	37.3	9.6	34.3	18.8	100.0
(Amount in Rs.crore)	54973.4	20529.8	5296.5	18828.6	10318.4	54973.4

The percentage share of credit from Institutional sources for small and marginal farmers was 37.6% while that of semi-medium, medium and large farmers was 62.3%. It is worth noting that out of the total credit distributed to marginal farmers 67.2% was accounted by PACS and Land Development Bank. In case of small farmers 58.3% was accounted by PACS and LDB. The semi-medium farmers were provided credit by Commercial Banks. It also needs to be noted that Regional Rural Banks which were organized as a bank for small and marginal farmers gave bulk of its loan to medium and large farmers. The Task Force observation in respect of informal credit is given below:

- For the first time after independence, the dependence of cultivators on moneylenders increased from 18% in 1991 to 27% in 2002. As a consequence, the growth of non-institutional credit was much higher during this period.
- Incidence of indebtedness by farmer household is the highest for southern region (nearly three-quarters) followed by western and northern regions (more than half), central and eastern region (around two-fifths) and the least for the north-eastern region (one-fifth). At the all India level, nearly 48% of farmer households are indebted, of whom around half are dependent on institutional sources. Dependence on institutional source is the highest (four-fifths) in the western region and the lowest (one-fifth) in the north-east.
- In states such as Andhra Pradesh, Rajasthan, Assam, Bihar and Punjab the financing of debt was more by non-institution sources. The share of moneylenders in the farmers' outstanding debt was high in Andhra Pradesh (53%), Tamil Nadu (40%), Rajasthan (37%), Punjab (36%) and Bihar (33%). In all these states, except Bihar, the share of moneylenders in farmers' outstanding debt was higher than that of commercial banks.
- The share of non-institutional agencies in the debt and incidence of indebtedness decreased with the size of land holding. The share of non-institutional agencies in the debt was 77% for the near landless (less than 0.01 hectares), 57% for the sub-

marginal farmers (0.01-0.40 hectares), 47% for the upper marginal farmers (0.4-1.0 hectares), 42% for small farmers (1-2 hectares) and stood at a reduced, yet significant, 32% for large farmers (10 hectares and above). Though 80% of indebted farmer households were those from among small and marginal farmers, institutional agencies accounted for only half of their debt. Thus, as far as access to formal credit is concerned, small and marginal farmer households are at a disadvantage. Even large farmers take recourse to informal sources though they are better served by institutional agencies.

- Most of the outstanding debts from formal sources (85%) have interest rates in the range of 12-20% per annum. In contrast, for outstanding debts from informal sources, more than one-third have interest rates in the range of 20-25% per annum and another nearly two-fifths have interest rates of more than 30% per annum. At the all India level the total debt of farmer households was estimated at Rs.1,12,000 crore in 2003. Of the total debt, Rs.48,000 crore was sourced from non-institutional agencies, of which Rs.18,000 crore of debt carried an interest rate greater than 30%. As already mentioned, in agriculture, where the returns are much lower, this is a matter of serious concern.

Table - 4
Position of Primary Agricultural Credit Societies (All India) *(Rs. in lakhs)*

Main Items	2005-06	2006-07	2007-08	2008-09	2009-10
Number of Societies	106384	93224	94950	95633	94647
Owned funds	929201	1103884	1098383	1180582	1247863
Total Borrowings	4101760	4371449	4784797	4893844	5176390
Total Loans Issued	4291959	4961275	5764248	5878674	7493754
a. Short term	3562354	4079596	4738975	4802193	6195076
b. Medium Term	729605	881679	1025273	1076481	1298678
Total Loans Outstanding	5177866	5862015	6566638	6404424	4647983
a. Short Term	3413993	3776426	4369612	4568558	5497028
b. Medium Term	1763873	2085589	2197024	1835866	2150955
Total Percentage	30.36	29.11	35.67	44.82	41.39
Number of Staff	241609	229007	278842	222173	215529

The position of Primary Agricultural Credit Societies during the period 2005-06 to 2009-10 is given in table-4. The number of societies has come down from 1.06 lakhs to 0.94 lakhs as a result of reorganization. The own funds, total borrowings and the loan issued have increased. However, the recovery performance has not improved.

Source: www.nafscob.org.

Table :5 presents the type-wise Primary Agricultural Credit Societies in states where there are more dormant societies. It is interesting to note that the dormant societies and potentially viable societies are more in Gujarat, Jammu & Kashmir, Karnataka, Nagaland, Punjab, West Bengal, Uttar Pradesh and Uttarakhand.

Table - 5
Primary Agricultural Credit Societies (Total and Type-Wise)

Name of the state/ no. of Union Territories	Total No. of PACS	Of Col.2 Viable	Of Col.2 Potentially viable	Of Cl.2 Dormant	Of Cl.2 Defunct
Gujarat	7763	5027	1782	555	231
Jammu & Kashmir	765	275	173	96	219
Karnataka	4694	2946	1192	294	50
Nagaland	1719	457	228	655	379
Punjab	3990	3206	290	490	4
Uttar Pradesh	8929	7115	1269	382	163
West Bengal	8026	4072	2355	714	526
Uttarakhand	679	461	106	60	22
All India Total	94647	65540	22372	3481	1665

Source: www.nafscob.org.

Table - 5
Primary Agricultural Credit Societies (Total and Type-Wise)

Name of the States/Union Territories	Overdues
Andaman & Nicobar	47.19
Bihar	5031
Goa	64.67
Jammu & Kashmir	79.92
Maharashtra	73.38
Manipur	95.44
Nagaland	86.36
Sikkim	100.00
Tripura	84.38
Jharkhand	100.00
All India Total	41.45

Table : 6 presents the percentage of overdues in short term credits. At the all India level the percentage of overdues is 41.45 percentage. It is observed it is very high in Andaman & Nicobar, Bihar, Goa, Jammu & Kashmir, Maharashtra, Manipur, Nagaland, Sikkim, Tripura and Jharkhand. On the whole, it is a matter of concern that in some states the Primary Agricultural Credit Societies need to improve their performance and ensure that they meet the needs of small and marginal farmers.

An independent expert panel which prepared the Action Plan to address agrarian distress in India remarked "A large loan waiver scheme is unlikely to make a great impact on the lives of the farmer, unless it is followed up by the next dose of credit for continuing agriculture and for shifting borrowings from the informal sector". The panel recommended the following:

1. One-Time Settlement(OTS) Scheme for Formal Sector Loans
2. Debt Exchange Scheme for informal Sector Loan
3. Credit Guarantee Scheme
4. Crop Insurance
5. Pragati Bandhu Groups
6. Raithu Mitra Groups
7. Debt Counseling

It is clear that India can address the problem of food security. It is interesting to mention a recent letter address to the Prime Minister by a Group of Research Scholars and student volunteers who shared few thoughts. Two important findings are :

1. Evidence of a major revival of the PDS across the country
2. Where PDS works, people much prefer food to cash transfers.

The Cooperatives need to overcome the weaknesses and function effectively by providing integrated services at the grass-root level.



Dr. T. Paranjothi raising a question

India's Initiatives to ensure Food Security

- Passing of the Essential Commodities Act in 1955
- 'Green Revolution' in 1960
- The establishment of a public distribution system (PDS)
- The Integrated Child Development Scheme (ICDS) in 1975
- The Antyodaya Anna Yojana (AAY), in 2000.
- National Food for Work Programme (NFFWP) in 2004.
- National Rural Employment Guarantee Act in 2005.
- Sampoorna Grameen Rozgar Yojana (SGRY)
- National Food Security Mission (2007)
- In 2007, the Indian government approved two initiatives-the National Policy for Farmers and the Rashtriya Krishi Vikas Yojana-that take a holistic approach to agricultural development. It also proposes to pass a National Food Security Act in 2009 under which below poverty line (BPL families) will be provided with 25 kgs. of grain a month at a subsidized price of Rs.3 per kg.

Success Factors of Cooperatives in Malaysia: An Exploratory Investigation

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Abstract

This paper explored the success factors of cooperatives in Malaysia as a study of this nature had not been attempted previously. Questionnaires were distributed using the purposive sampling method to obtain the perception of respondents from cooperatives. Responses from a sample of 203 respondents was then analysed using exploratory factor analysis. A total of five factors were extracted using the principal component method with a varimax rotation. The five factor rotated solution explained a total of 63.84 percent of the variance and all the factors had acceptable reliability. The five factors were labelled as visionary leadership, managerial competency, stability, functional characteristics and operational efficiency. Group mean scores were then calculated for the five factors to determine their importance in determining the success of cooperatives. Based on the group mean scores, only four factors were found to be important and they are visionary leadership, managerial competency, functional characteristics and stability.

Introduction

The cooperative movement in Malaysia has had a long history beginning with the establishment of the first thrift and loan cooperative on July 21, 1922. In line with the International Cooperative Alliance (ICA) definition, Section 2 of The Cooperative Societies Act 1993 defines a cooperative as "an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. Cooperatives continue to occupy a dominant place in the Malaysian socio-economic environment as evidenced by the number of cooperatives in existence. For the year ended 31 December 2010 there were 8,146 cooperatives in Malaysia with a total membership of 6.6 million individuals, paid up capital worth RM9.5 billion and total assets amounting to RM71.78 billion (Malaysia Cooperative Societies Commission, 2010). The 6.6 million individual members represented 23 percent of the country's population of 28.5 million in 2010 (Department of Statistic Malaysia 2010).

Problem Statement

In spite of the fact that one in every five Malaysian is a cooperative member, the cooperative movement currently contributes only 1.7 percent to the country's 558 billion Gross Domestic Product (GDP). The Government has targeted for cooperatives to increase

this contribution to 4 percent in 2013 (Suruhanjaya Koperasi Malaysia, 2009). To achieve this target, the number of cooperatives will be increased to 10,000 in 2013 with each cooperative having an average yearly turnover of between RM800,000 to RM1.5 million. It is also expected that 50 percent of the adult population in Malaysia will be cooperative members by then. To ensure these targets are achieved, it is important that the cooperative movement in Malaysia is successful. Since successful cooperatives are bound to be influenced by certain pertinent factors, therefore it is of utmost importance to identify these factors in the context of cooperatives in Malaysia. Moreover at the time of writing this article, a study of this nature had not been attempted previously.

Objective of the Study

The objective of this study is to identify success factors of cooperatives in Malaysia, as perceived by key personnel associated with the cooperative movement in Malaysia.

Review of Literature

This section reviews the relevant literature related to the present study. A brief description of the status of the cooperative movement in Malaysia is highlighted followed by a discussion on the literature relating to success factors of cooperatives in other countries.

Status of Cooperatives in Malaysia

Table 1 shows that as at 31 December 2010 there were 8,146 cooperatives in Malaysia with a total membership of 6.6 million individuals, paid up capital worth RM9.54 billion and total assets amounting to RM71.78 billion (Malaysia Cooperative Societies Commission, 2010). The 6.6 million individual members represented 23 percent of the country's population of 28.5 million in 2010). In terms of function, consumer cooperatives constituted the majority (47 percent) of the 8146 cooperatives. However, cooperatives engaged in banking and credit / finance, which represented only 7 percent of the cooperatives, had 72 percent of the paid up capital and 90 percent of the total assets of the movement. The reason for this is that credit cooperative have been a source of micro finance for the cooperative movement in the country since it was 1922.

As indicated in Table 1, the 8,146 cooperatives were involved in various functions specifically, banking, finance or credit, plantation, housing, industrial activities, consumerism, construction, transport and services. The Department of Cooperative Development (replaced by the Malaysia Cooperative Societies Commission or MCSC since 2008) which is responsible for the supervision of cooperatives in the country classifies them into nine functions based on their business activities. The cooperatives had a total turnover of RM 9.5 billion, which accounted for only 1.4 percent of the country's GDP of RM533.91 billion in 2008 (Ministry of Finance, 2008). This figure indicates that despite 23 percent of the population being cooperative members, the contribution of the cooperative movement to the country's economy is insignificant.

For the cooperative movement in the country to effectively contribute towards enhancing the socio-economic status of the people as well as contribute more significantly towards the country's GDP, it is imperative that the cooperative movement in the country, as a whole is successful.

Table - 1
Status of Cooperatives by Function as at 31 December 2010

Function	No. of Cooperatives	Membership (individuals)	Capital (RM)	Assets (RM)	Turnover (RM)
Banking	2	813,554	2,362,445,404	56,733,242,511	4,922,574,029
Credit/Finance	613	1,786,508	4,507,384,712	8,119,078,003	1,326,810,294
Agriculture	1,441	429,559	388,615,588	1,479,849,950	600,463,067
Housing	118	145,824	162,412,315	666,365,426	49,081,726
Industrial	137	14,467	5,017,038	51,177,619	32,643,171
Consumer: – adult	1,731	501,765	212,530,614	742,374,930	526,490,488
– school	2,135	2,086,950	18,916,728	200,198,773	236,994,964
Construction	134	38,007	12,659,831	55,201,793	48,805,937
Transport	429	145,193	57,751,635	270,501,095	562,355,156
Services	1,406	638,215	1,819,434,092	3,466,697,627	1,226,882,588
Total	8,146	6,600,041	9,547,167,957	71,784,687,756	9,533,101,420

(Source: Malaysia Cooperative Societies Commission, 2010)

Success Factors of Cooperatives

There is some literature on the factors influencing the performance of cooperatives and these are generally referred to as success factors. The prior studies determined success factors by investigating the link between selected independent variables and performance of cooperatives. Cooperative performance was mainly measured in terms of financial performance using ratios. Hence, the variables found to be positively associated with improved financial performance of cooperatives were identified as success factors in previous studies.

It is worth noting that prior studies were undertaken in other countries, such as the United States, Europe, Canada, Fiji and Iran. None of the existing literature however, has investigated the success factors of cooperatives in Malaysia. This study focused only on exploring the factors associated with successful cooperatives in Malaysia based on the perceptions of key personnel involved with the Malaysian cooperative movement. The study however, did not measure performance of the cooperatives in Malaysia nor relate these factors to cooperative performance.

Some of the variables that have significantly contributed to cooperatives being successful are reviewed here. For instance, the impact of diversifying the activities of agricultural cooperatives on their financial and non financial performance was investigated by Trechter (1996). Diversification is important component of the functional characteristic of a cooperative as it relates closely to how cooperatives carry out their activities to meet the various needs of their members. Trechter's (1996) study showed that diversification was not significantly and positively associated to financial performance, measured as

profitability, increase in patronage refunds or increases in equity redemption. In contrast however, diversification was positively related to membership size, the indicator used to gauge non financial performance of cooperatives by Trechter (1996), with diversified cooperatives enjoying larger memberships. Diversification was included as a variable in the present study as many of the cooperatives in Malaysia have diversified their activities and are known as multipurpose cooperatives.

As member based organisations, members involvement in their cooperatives is of paramount importance to the survival and success of cooperatives. In fact the existing literature (Amini and Ramezani, 2008; Lluch, Gomis and Jimenez, 2006) has identified active member participation in the administration of cooperatives as a key factor influencing the successful performance of cooperatives. As cooperatives are formed by members to fulfil their common economic and social needs, collective ownership would most likely instil a sense of belonging and in turn encourage active involvement in the activities undertaken by their cooperatives. Generally, active member participation in the administration of cooperatives is manifested in the form of attendance at the annual general meetings and supporting the products or services of their cooperatives. Members' attendance at the annual general meeting as well as support towards their cooperatives' products and services reflect the unique functional characteristics of cooperatives. To reflect active member participation in the administration of cooperatives in Malaysia, the two pertinent variables that were included in the present study were: members' attendance at annual general meetings and members' support towards their cooperatives' products or services.

For cooperatives to succeed, it is imperative that they are managed effectively by visionary and competent leaders. In the context of cooperatives, leaders refer to the board members as well as managerial personnel who are employed by cooperatives. An important criterion of visionary leadership is the need to plan strategically for the continued survival of the cooperative. The importance of planning cannot be underestimated as Pathak and Kumar (2008) also identified that one of the main reasons for the failure of cooperatives in Fiji was inadequate planning. A number of prior studies (Carr, Kariyawasam and Casil, 2008; Carlberg, Ward and Holcomb, 2006; Henehan and Pelsue, Jr., 1986; Pathak and Kumar; 2008) found that having strategic or long term plans was positively associated with successful cooperatives. Long term planning is defined as planning for beyond 1 to a maximum of 5 years (Carr et al., 2008). As there are some cooperatives in Malaysian that have formulated strategic or long term plans, the variable pertaining to cooperatives having a strategic plan for at least three years, was included as a variable in this exploratory investigation. In addition, it makes sense to infer that cooperatives with visionary leaders would be more likely to have strategic plans, hence visionary leaders was regarded as a pertinent variable and included in the present study. Undeniably, two important traits good leaders should possess are effective communication skills and the ability to deal with problems and challenges. These two qualities were thus regarded as pertinent variables and incorporated in the present study.

A visionary and competent leadership also gives high priority to continuous education and training for board members, staff and members, of their cooperatives. Continuous

education and training is regarded as significant input for cooperatives to be successful by some prior studies (Amini and Ramezani, 2008; Bruynis et al., 2001). In the case of members, to promote their active participation, they need to be educated regularly on cooperative concepts as well as be aware of their rights and responsibilities towards their cooperatives. To ensure that board members and staff are equipped with the right competencies to manage the daily operations of the cooperative, it is vital for them to undergo regular intensive training on cooperative philosophy and principles as well as management, interpersonal and operational skills related to the business activities of cooperatives. Interestingly, Pathak and Kumar (2008) identified that lack of training in financial management and lack of understanding of cooperative concepts were among the main reasons for the failure of many cooperatives in Fiji. Continuous training would equip board members and staff with the latest knowledge and skills and enable them to maintain the relevant documentation on the activities of cooperatives, including the maintenance of systematic accounting records. In fact, maintaining proper accounting documentation is an effective financial management practice and has been found to be positively associated with successful cooperatives (Boyer, Creech and Paas, 2008). As education, training and information is the fifth Cooperative Principle its role in contributing towards the success of cooperatives in Malaysia cannot be ignored. Therefore variables related to training and education were included in the current study. They were: ongoing training and education, knowledgeable board members and knowledgeable managers/supervisors



Prof. Norhayati Abdul Rahman of Co-op College, Malaysia at an intervention. Dr. K. Sudha of Besant Women's College, Mangalore is also seen in the picture

Besides having the relevant knowledge and skills, board members and managerial staff should possess the appropriate experience to manage cooperatives. Board members and managerial staff of cooperatives who have had previous experience in leadership or managerial positions would be in a better position to make better informed decisions for their cooperatives. Indeed, earlier studies have found a positive relationship between previous experience possessed by the board and managers of cooperatives and cooperative performance (Bruynis et al., 2001; Carlberg, Ward and Holcomb, undated; Carr et al., 2008; Henehan and Pelsue, Jr., 1986). Therefore, knowledgeable board members and knowledgeable managers/supervisors were incorporated as two variables in the present study. In addition to having knowledgeable, skilled and experienced board members and managerial personnel to manage cooperatives professionally, their continuity of service is vital to ensure policies and plans are implemented efficiently without compromising stability of the cooperatives. Accordingly, the variables relating to continuity of board members and continuity of managers/supervisors were included in this study to reflect stability.

Another vital component of stability is financial stability. Some prior studies (Carr et al., 2008; Pathak and Kumar, 2008) have found that having sufficient amount of working capital for activities was positively related to the successful performance of cooperatives. Increasing members' contribution to share capital is one way to guarantee that cooperatives have a sufficient pool of working capital to carry out their activities. As such, the researchers included large share capital and subscription from members, as a variable in the current study. As owners, it is imperative that members play an active role in contributing financially to prevent their cooperatives from being dependent on external funding and ultimately being controlled by non members. Prior studies (Bruynis et al., 2001; Carlberg, Ward and Holcomb, 2006) have also identified low operating cost to be associated with cooperatives being successful. Maintaining low cost of operations ensures that cooperatives have operational efficiency and are able to translate this efficiency into lower prices for the essential services provided to members. Low operating cost was therefore incorporated as a variable in this study.

Method

A preliminary investigation was carried out to explore the factors perceived to be important for the successful performance of cooperatives in Malaysia. A questionnaire listing twenty one items was developed using both the English and Malay languages and the survey method of data collection was used to obtain the perception of 250 respondents on the important factors influencing the success of cooperatives in Malaysia. Of the twenty one items, eleven items were adopted from previous studies while the remaining ten items were developed by the researchers who are experienced cooperative trainers. The ten items developed by the researchers based on their experience are: type of function, full time managers/supervisors, continuity of board members, continuity of managers/supervisors, highly qualified managers/supervisors, members' attendance at annual general meeting, visionary leaders, leaders who can communicate effectively, leaders who can deal effectively with problems and challenges and accessibility to financing. All twenty one items were measured on a five-point scale ranging from not

important (1) to very important (5). Appendix 1 shows the questionnaire used in the present study.

The sample size of 250 respondents was determined based on the subject (respondent) to item ratio of 10:1, which is considered an appropriate and still prevalent rule of thumb many researchers use for determining sample size for the purpose of exploratory factor analysis (Costello and Osborne, 2005). The purposive sampling method was used to select the respondents who were board members, management staff and members of cooperatives as well as government officers supervising cooperatives. These respondents were deemed appropriate because of their expert knowledge on cooperatives. The questionnaires were distributed to those respondents who attended the training programmes at the Cooperative College of Malaysia. In addition, thirty cooperatives from the 2008 list of 100 best cooperatives in Malaysia were selected at random and three respondents comprising of board members were identified as respondents from each of the thirty cooperatives. The questionnaires were then mailed to the respondents in the thirty cooperatives. Of the 250 questionnaires which were distributed personally or mailed, a total of 203 responses were usable for analysis, indicating a response rate of 81.2 percent. The data was analysed using exploratory factor analysis. Exploratory factor analysis was deemed appropriate as the study sought to explore the underlying factors associated with successful cooperatives as perceived by the respondents.

Findings

In terms of their positions in the cooperatives, of the 203 respondents, 123 (60.5percent) were board members, 23 (11.3 percent) were management employees (managers and supervisors), 40 (19.7 percent) were members and 12 (5.9 percent) were government officers supervising cooperatives while 5 respondents did not indicate their positions.

As the purpose of the exploratory investigation was to reduce the items or variables to a manageable number of components or factors contributing to the success of cooperatives, factor analysis was used. A total of twenty one items were subjected to factor analysis using SPSS for Windows (version 15). Factoring ceased when all eigenvalues of greater than one were obtained and when a set of factors explaining a large percentage of the total variance was achieved. The suitability of data for factor analysis was assessed. The Kaiser-Meyer-Olkin value was 0.88 exceeding the recommended value of 0.6 (Pallant, 2002) and the Barlett's Test of Sphericity reached statistical significance, supporting the factorability of the correlation matrix.

An accepted method of interpretation of factor loadings is to regard significant any variable or item with a loading of 0.5 or greater as associated with the appropriate factor ((Hair, Black, Babin, Anderson and Tatham, 2006). Hence 0.5 was used as the cut-off point to determine the number of items that loaded on to a factor or component. From the initial list of twenty-one items, two items, 'full time managers/supervisors' and 'accessibility to financing' did not load significantly on to any component and were subsequently excluded. The remaining nineteen items were factor analysed again. The factors were extracted by using principal component method with a varimax rotation. The rotated component matrix presented in Table 2 revealed five components with all variables

showing strong loadings (more than 0.5) and nearly all items or variables loading substantially on only one component. The five factor rotated solution explained a total of 63.84 percent of the variance, with Component 1 contributing 37.01 percent, Component 2 contributing 7.74 percent, Component 3 contributing 7.45 percent, Component 4 contributing 6.22 percent and Component 5 contributing 5.42 percent of the variance.

Reliability analysis using Cronbach's alpha was carried out to examine the internal consistency of the factors obtained where Cronbach's alpha coefficient at 0.5 or higher was considered acceptable (Kerlinger & Lee, 2000, cited in Mokhlis & Sparks, 2007). Specifically, the Cronbach's alpha coefficient values for the five factors ranged from 0.53 to 0.85, as shown in Table 2, indicating that the factors had acceptable reliability. Item No.7, "Members' support towards cooperative's products or services", cross-loaded significantly on two factors, Factor 1 and Factor 4. As its significant loading on Factor 4 was slightly higher (0.528) than on Factor 1 (0.512), this variable was retained on Factor 4 to calculate the reliability of Factor 4.

The five factors were labelled as follows: "Visionary Leadership" was the first factor followed by "Managerial Competency", "Stability", "Functional Characteristics" and the last factor was labelled as "Operational Efficiency". The first factor, "Visionary leadership" had seven items with significant factor loadings ranging from 0.512 to 0.769. The Visionary leadership factor was perceived to reflect cooperative leaders who are able to communicate effectively, have vision and strategic plan, deal effectively with problems and challenges, focus on continuous education and training as well as on having proper accounting records for their cooperative. With visionary leadership, the cooperative is able to sustain member support for its products or services. The second factor, "Managerial Competency" had four items and their factor loadings ranged from 0.574 to 0.800. This factor reflects the perception that managers/supervisors and board members who are experienced as well as knowledgeable are important for the success of cooperatives in Malaysia.

The third factor, "Stability" had three items with factor loadings ranging from 0.594 to 0.840. This factor indicates that continuity of service by board members and managers/supervisors as well as substantial amount of share capital and subscription from members, were perceived to be important for success of cooperatives. The fourth factor, "Functional Characteristics" had four items and their factor loadings ranged from 0.528 to 0.684. This factor portrays the perception that the type of function, the diversification of activities, members' attendance at the annual general meeting and their support towards their cooperatives' products or services are important for the success of cooperatives. Members' attendance at the annual general meetings of cooperatives and support for cooperatives' products or services are two characteristics which are unique to cooperatives and influence the way cooperatives function. Finally, the fifth factor, "Operational Efficiency" had only two items with relatively high significant factor loadings of between 0.683 and 0.756. This factor reflects the perception that having highly qualified managers/supervisors to manage the cooperatives as well as maintaining low operating cost are important to the success of cooperatives in Malaysia.

Table - 2
Factor Analysis of Determinants of Cooperative Performance

No.	Variable/Item	Factor				
		(Visionary leadership) 1	(Managerial Competency) 2	(Stability) 3	(Functional Characteristics) 4	(Operational Efficiency) 5
1.	Leaders who can communicate effectively	0.769				
2.	Visionary leaders	0.717				
3.	Leaders who can deal effectively with problems and challenges	0.706				
4.	Cooperative has a strategic plan for at least 3 years	0.627				
5.	On going education and training	0.618				
6.	Maintaining proper accounting records	0.547				
7.	Members' support towards cooperative's products or services	0.512			0.528	
8.	Experienced managers/supervisors		0.800			
9.	Experienced board members		0.743			
10.	Knowledgeable managers/supervisors		0.683			
11.	Knowledgeable board members		0.574			
12.	Continuity of board members			0.840		
13.	Continuity of managers/supervisors			0.718		
14.	Large share capital and subscription from members			0.594		
15.	Type of Function				0.684	
16.	Members' attendance at Annual General meeting				0.597	
17.	Diversification of activities				0.570	
18.	Highly qualified managers/supervisors					0.756
19.	Low operating cost					0.683
	Eigen values	7.032	1.471	1.416	1.181	1.029
	% of variance explained	37.01	7.74	7.45	6.22	5.42
	Cumulative variance explained (%)	37.01	44.76	52.21	58.42	63.84
	Reliability (Cronbach's Alpha)	0.85	0.82	0.71	0.67	0.53

Respondents' opinions on the level of importance of the five factors associated with successful performance of cooperatives as well as the level of importance of the corresponding variables within each factor were obtained, using a 5-Point Likert type Scale ranging from 1 (not important) to 5 (very important). For the purpose of analysis, it was decided that if a factor or variable has a mean score of at least 4 on the Likert type scale means the respondents perceive the factor or the variable to be important for the successful performance of cooperatives in Malaysia. On the other hand, if a factor or variable has a mean score of between 1 to less than 4, means the respondents do not perceive that factor or variable to be important for the successful performance of cooperatives in Malaysia. The resulting mean scores for the five factors and their variables are shown in descending order in Table 3.

As indicated in Table 3, of the five factors, only four factors had group mean scores of at least 4 and these factors are Visionary Leadership, Managerial Competency, Functional Characteristics and Stability. One factor, Operational Efficiency had a group mean score of less than 4 (group mean score=3.93) and was thus not perceived to be an important contributor to successful cooperative performance. Visionary leadership was perceived as the most important factor with a group mean score of 4.54, followed by the factor, Managerial Competency with a group mean score of 4.52, Functional Characteristics with a group mean score of 4.43 and finally the factor, Stability with a group mean score of 4.00.

Within Factor 1 labelled as Visionary Leadership, all six variables or statements were perceived to be very important as indicated by their individual item mean scores which exceeded 4 and ranged from mean scores of 4.40 to 4.66. Interestingly, the variable or statement, 'maintaining proper accounting records' which had the lowest loading on this factor had the highest mean score of 4.66, indicating that this variable was perceived to be the most important variable within the first factor as well as among the nineteen variables included in the study.

All four variables or statements in Factor 2 labelled as Managerial Competency were also perceived to be very important as seen from their high individual item mean scores, ranging from 4.49 to 4.55. It is worth noting that the variables or statements relating to 'experienced managers/supervisors' and 'knowledgeable managers/supervisors' were perceived to be more important in contributing towards successful cooperative performance than experienced or knowledgeable board members. One possible reason for this perception is that board members in cooperatives are generally inexperienced and manage the cooperatives on a voluntary basis unlike managers or supervisors who are employed full time to run the business operations of the cooperatives. Hence the perception, that for cooperatives to be successful, the commitment of managerial personnel with the appropriate experience and knowledge is important.

The fourth factor labelled as Functional Characteristics has four variables or statements all of which have been perceived to be important as seen from their high individual item mean scores, ranging from 4.19 to 4.52. As expected, the statements on 'members' support towards cooperative's products or services' and 'members' attendance at annual general



Prof. Julia Bee Ramjan of Co-op College, Malaysia raising a point

meeting' were both perceived to be most important variables in this Factor that contributed towards the success of cooperatives, as seen from the mean score of 4.52. Both these statements reflect the essence of forming a cooperative, which is defined as an autonomous association of individuals united voluntarily to meet their common economic, social and cultural needs through a jointly owned and democratically controlled organisation. Hence, it is imperative that these members support or patronise the services or products offered by their cooperative and participate directly in setting policies and making decisions for their cooperative by attending the annual general meeting.

The third factor, Stability has three statements with individual item mean scores from 3.95 to 4.04. Only two statements had mean scores exceeding 4.00 and were thus perceived to be important while the statement, 'large share capital and subscription from members' had a mean score of 3.95 and thus was perceived to be not important. Thus continuity of board members and managerial personnel are regarded as important variables that contribute to the stability and subsequently the success of cooperatives in Malaysia.

Finally, the fifth factor, Operational Efficiency (mean score = 3.93) has two variables or statements, 'highly qualified managers/supervisors' with a mean score of 3.96 and 'low operating cost' with a mean score of 3.96. Since both the individual item mean scores are less than 4.00, they were perceived to be not important in influencing the success of cooperatives in Malaysia.

Table - 3
Factor and Variable Mean Scores

Factor No/Label	Group Mean Score	Variables/Items	Individual Item Mean Score
1 (Visionary Leadership)	4.54	Maintaining proper accounting records.	4.66
		Visionary leaders.	4.57
		Leaders who can deal effectively with problems and challenges.	4.56
		Leaders who can communicate effectively.	4.52
		On going education and training.	4.52
		Cooperative has a strategic plan for at least 3 years.	4.40
2 (Managerial Competency)	4.52	Experienced managers/supervisors	4.55
		Knowledgeable managers/supervisors.	4.53
		Experienced board members	4.51
		Knowledgeable board members.	4.49
4 (Functional Characteristics)	4.43	Members' support towards cooperative's products or services.	4.52
		Members' attendance at Annual General meeting.	4.52
		Type of Function.	4.48
		Diversification of activities.	4.19
3 (Stability)	4.00	Continuity of board members	4.04
		Continuity of managers/supervisors.	4.03
		Large share capital and subscription from members.	3.95
5 (Operational Efficiency)	3.93	Highly qualified managers/supervisors.	3.96
		Low operating cost.	3.91

Discussion

The findings of this investigation indicated that only four factors were perceived as being important in influencing the success of cooperatives in Malaysia. In order of importance these four factors are Visionary Leadership, Managerial Competency, Functional Characteristics and Stability. Importantly, the findings of this study imply the need for cooperatives to be managed professionally so as to be efficient and viable business entities capable of fulfilling their social obligations effectively. Though there are some cooperatives which are led by visionary and competent board members and managerial personnel, the majority of Malaysian cooperatives have small amount of capital and are

managed voluntarily by inexperienced board members who may lack the necessary leadership and managerial skills and experience. Moreover, such cooperatives do not employ qualified and competent managerial staff to carry out the business operations. As a result, the majority of cooperatives in the country continue to be involved in conventional low risk activities which eventually lose out to competition and fail.

Though the four factors are interrelated, it cannot be denied that the most important factor for the success of any organisation including cooperatives is the type of leadership that exists in the organisation. Effective leaders must be visionary, that is they must have a vision, put into place strategic or long term plans to achieve that vision and communicate their vision and plan to all stakeholders in the organisation so that everyone works together to achieve that vision. Managerial Competency, the second most important factor perceived in this study is closely linked to Visionary Leadership. This is because to be visionary leaders, it is imperative that board members of cooperatives have the appropriate knowledge and experience in formulating policies and decision making, while the managerial employees have the relevant knowledge and experience to implement the policies and daily operations of the cooperatives.

The third most important factor perceived to influence the success of cooperatives in Malaysia, Functional Characteristics highlights the functional uniqueness of cooperatives as compared to other business organisations. In the case of cooperatives, members are a vital competitive edge as they have a dual role, as owners and users of the products and services offered by their cooperatives. Hence, to be successful member based business organisations, member participation in the policy making process through attendance at the annual general meeting and patronage of the cooperatives' products and services needs to be ensured. One way to do this is by focusing on the type of function or activity which would fulfil members' common economic and social needs. Whatever diversification of activities is undertaken should also be related to the function and in line with the aspirations of members. Finally, Stability was perceived as the fourth most important factor to influence the success of cooperatives and is pertinent to guarantee the continued survival of the cooperative organisation. Continuity of the board members and managers/supervisory staff is a crucial element of stability so as to ensure the sustained implementation and monitoring of the policies that have been formulated.

Though the findings obtained in this study cannot be directly compared to those of previous studies because of differences in context, the findings with regard to some of the variables or statements contained in the four factors are consistent with those of earlier studies.

Specifically, in the case of the factor, Visionary leadership, the variable, maintaining proper accounting records was also found to significantly influence the successful performance of cooperatives by Boyer, Creech and Paas (2008), while the statement, 'ongoing education and training' was identified as a significant contributing variable by Amini and Ramezani (2008) as well as by Pathak and Kumar (2008). In addition, the statement, 'cooperative has a strategic plan for at least 3 years' was also found to significantly contribute towards the success of cooperatives by some prior studies

(Carlberg et al., 2006; Henehan & Pelsue Jr., 1986; Pathak & Kumar, 2008). With regard to the factor, Managerial Competency, the variables or statements, 'experienced managers/supervisors' and 'experienced board members' were found to be significant in influencing the success of cooperative by some previous studies (Bruynis et al., 2001; Carr et al., 2008).

In the case of the factor, Functional Characteristics, the two variables, 'members' support towards the cooperative's products or services', 'members' attendance at the annual general meeting' were also identified as important elements influencing the success of cooperatives by Amini and Ramezani (2008), while the statement 'diversification of activities' was found to significantly contribute to the success of cooperatives by Trechter (1996). Finally, where the factor Stability is concerned, one variable, 'large share capital and subscription from members' was found to be an important element of cooperative success by Bruynis et al. (2001).

CONCLUSION

This study explored the success factors of cooperatives in Malaysia as a study of this nature had not been attempted previously. The results from this study provide evidence that only four factors are perceived to be important and in order of importance they are: visionary leadership, managerial competency, functional characteristics and stability. One factor, operational efficiency was found to be not an important factor and hence disregarded. The current study only focused on exploring the factors associated with successful cooperatives in Malaysia based on the perceptions of key personnel in the cooperative movement. The study however, did not measure the performance of cooperatives in Malaysia nor determine the relationship between the perceived factors and cooperative performance.

Hence, future research can be undertaken to confirm the validity of the perceived factors and establish the relationship between the validated factors and performance of cooperatives in Malaysia.

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**CLIMATE CHANGE
ROLE CO-OPERATIVES
CAN PLAY**

Daman Prakash
IFFCO FOUNDATION

United Nations
MILLENNIUM DEVELOPMENT GOALS [MDG]

- 01 Eradicate extreme poverty and hunger
- 02 Achieve universal primary education
- 03 Promote gender equality & empower women
- 04 Reduce child mortality
- 05 Improve maternal health
- 06 Combat HIV/AIDS, malaria and other diseases
- 07 Ensure environmental sustainability
- 08 Develop a Global Partnership for Development

PROPOSED TO BE ACHIEVED BY 2015

**CO-OPERATIVES ARE
MEMBER-BASED**

**MEMBERS ARE
THE COMMUNITY**

**COMMUNITY AND
ENVIRONMENT**

**GOALS ARE
GLOBAL AND LOCAL**

**THE THREAD OF
CLIMATE CHANGE
RUNS THROUGH
ALL THE GOALS**

CO-OPERATIVES ARE FORMAL AND LEGAL

PRINCIPLES OF CO-OPERATION RESPOND TO:

SOCIAL AND ECONOMIC NEEDS AND ASPIRATIONS OF MEMBERS

CRUCIAL COMMUNITY CONCERNS ARE:

- FOOD [AGRICULTURE]
- WATER [AGRI & HUMAN NEED]
- HABITAT
- WELFARE
- DEVELOPMENT

CLIMATE CHANGE

- CHANGES IN AMBIENT TEMPERATURES
- HIGHER GAS EMISSIONS
- FLOODS & NATURAL DISASTERS
- FLUCTUATIONS IN FOOD PRODUCTION
- REDUCED WATER
- SOIL EROSION
- MELTING GLACIERS
- UNDER-NOURISHMENT

PRINCIPAL OBJECTIVES OF MEMBERS ARE:

- HIGHER ECONOMIC RETURNS
- QUALITY PRODUCTS
- QUALITY SERVICES
- SECURITY AND SAFETY
- FAIR DEALS & TRANSPARENCY

IN ASIA MOST VULNERABLE COUNTRIES ARE:

Afghanistan, Bangladesh, Cambodia, India, Laos, Myanmar, Nepal

Due to Declining Crop Yields because of Glacier Melting and Erratic Rainfall

ADB SAYS:

60-70% POPULATION RELY ON AGRICULTURE IN ASIA

DISPLACEMENT OF MILLIONS IN COASTAL REGIONS

[A] GENERATE AWARENESS AND KNOWLEDGE

[CAUSES AND CONSEQUENCES]



WHAT CAN CO-OPERATIVES DO?

**[C] PROMOTE REGIONAL
COOPERATION**

**[MITIGATION, ADAPTATION,
INVESTMENTS REGIONALLY,
NATIONALLY AND LOCALLY]**

**[B] SHARE INFORMATION
AND BEST PRACTICES**

**[POLICIES, TECHNOLOGIES,
FINANCING, ADAPTATIONS]**

[D] FOSTER PARTNERSHIP

**[POLICYMAKERS,
PRACTITIONERS,
STAKEHOLDERS]**



**INITIATIVES
AT LOCAL LEVEL**



INITIATIVES AT IFFCO FOUNDATION

- Co-operatives, Farmers'/Self-Help Groups
- Training and Capacity Building
- Inform on Input
- Inform on Changes in Cropping Pattern
- Village Development [Sanitation and Upkeep]
- Alternative Use of Energy Sources
- Save the Tree/Grow More Trees
- Conserve Water & Power
- Consultations and Extension
- Research and Local Applications
- CGIAR Initiatives
- IFFCO Field Demonstrations

**CROP DEMONSTRATION PROGRAMMES;
HORTICULTURE PROGRAMMES;
MEMBER EDUCATION PROGRAMMES;
WOMEN EMPOWERMENT PROGRAMMES;
[SELF-HELP GROUPS AND MICRO-ENTERPRISE]
SOIL AND WATER CARE PROGRAMMES;
CGIAR PROGRAMME [2 LOCATIONS];**

**[SPECIAL EMPHASIS LAID ON ISSUES RELATING
TO CLIMATE CHANGE AND AGRICULTURE]**



Thank You

**CLIMATE CHANGE
-ROLE COOPERATIVES CAN PLAY
Daman Prakash, July 2011**

INDIAN AGRICULTURE SECTOR- INSIGHTS

- ◆ 1.1 After successfully posting the 1st Green Revolution, Indian Agriculture sector has been passing thro' a very critical phase, forcing the desperate farmers to suicides and deserting the farming activity. Despite high growth rate of about 8% pa of the Indian economy, around 350 mn out of its more than 1 bn strong population is still living below poverty line (mostly rural poor).

"THE INDIAN TRAGEDY OF EXTENSIVE POVERTY & DEPRIVATION PERSISTING UNDER CONDITIONS OF IMPRESSIVE PROGRESS IN THE INDUSTRIAL AND SERVICES SECTORS WILL CONTINUE TO PRESENT SO LONG AS WE REFUSE TO PLACE FACES BEFORE FIGURES".

Prof. M.S.Swaminathan

1.2

- ◆ 1.) The country's food-grains production(2009-10) at 218.19 m mt as compared to 234.46 m mt during the preceding year, highly inadequate
- ◆ 2.) Presently , Indian Agricultural yields are only 50% of their potential and are less than about 40% of the world highs . China with half of our irrigation potential and with only 60% of our cultivated area is producing food over twice the production of India.

2

DEVELOPMENT IMPERATIVES OF INDIAN AGRICULTURAL SECTOR – REPOSITIONING OF COOPERATIVE AGRICULTURE AND RURAL DEVELOPMENT CREDIT STRUCTURE –

P V A Rama Rao

Formerly Managing Director, NABARD and Banking Ombudsman, RBI.

Paper presented in the Conference of the Research Committee of ICA held on 23 and 24 July at Bhubaneswar, Odisha

Dr. L.K. Misra, IAS, Vice-Chancellor, School of Rural Management, Utkal University, Bhubaneswar, Odisha

- ◆ 1.3
- ◆ India , with its over 60% population depending on Agriculture for their livelihood, has to ensure sustainable livelihood for them and secure food security to the country , failing which the macro economic stability could be in jeopardy.
- ◆ This calls for stepping up of food production from the present level of about 220 m mt to 250 m mt, with focus on better management of irrigation facilities and bringing dry lands into cultivation with adequate capital formation in Agriculture.
- ◆ A second Green Revolution is a national priority and achieving the targeted Agriculture growth rate of 4% pa is a vital imperative for maintaining the over all growth trajectory of our economy
- ◆ 1.4
- ◆ Agricultural sector in India is required to secure transformation in the new economic order , emerging out of globalisation and resultant Agreement on Agriculture (AOA) with WTO.
- ◆ To withstand the global competition, enhanced productivity and sustainability of the sector have become imperative

3

INDIAN AGRICULTURE SECTOR- INSIGHTS

- ◆ 2.1 Development Deficit in Agriculture
Indian agriculture is subjected to serious stresses / challenges.

"When we review our agricultural situation, it is clear that there are four deficits we need to bridge.

- (i) the public investment and credit deficit, (ii) the infrastructure deficit,
- (iii) the market economy deficit, and (iv) the knowledge deficit;

taken together, they are responsible for the development deficit in the agrarian and rural economy".

(Honorable Prime Minister of India, Shri Manmohan Singh at NDC meet on 9th December 2009)

- ◆ 2.2 Besides the existing weaknesses of our Agriculture sector inhibiting its growth , GLOBAL WARMING and consequent CLIMATE CHANGE are posing further threats to the very survival of this prime sector. The dangers of global warming will be more pronounced for coastal agriculture. And, taking a call for conservation and management of all our natural resources is an urgent imperative.

(eg promoting Waste lands Development, Watershed Development and Energy Security thro' Renewable Energy sources (eg Bio Gas / mass), Bio Diversity). Banks have to aggressively participate in this activity.

2. INDIAN AGRICULTURE- REAL SECTOR ISSUES

- ◆ 2.3 CRITICAL INPUT – CREDIT:
 - ◆ 51.4 % OF FARM HOUSE HOLDS (46 mn) HAVE NO ACCESS TO FORMAL / IN - FORMAL CREDIT. OF THESE, 88 % ARE SMALL / MARGINAL FARMERS (NSSO – 2003).
 - ◆ CO-OPERATIVES IN THE RURAL FINANCIAL SYSTEM HAVE EXCELLENT REACH & ACCESS BUT THEY ARE FINANCIALLY WEAK WITHOUT AUTONOMY AND DEMOCRACY. THEY WORK AS PARA STATAL BODIES.
 - ◆ 'CO – OPERATIVES HAVE FAILED BUT MUST SUCCEED' AND THEY HAVE TO BE PUT ON REFORMS MODE.
 - ◆ 2.4 Once policy initiatives are put in place, RCCs have to take logical further steps for facilitating food security and sustainable livelihood thro' adequate-effective-timely credit dispensation, meeting the goals of Financial Inclusion and Inclusive Growth. (EXCLUSIVE DOMAIN OF THE COOP.S)

2. INDIAN AGRICULTURE- REAL SECTOR ISSUES

- ◆ 2.5 Capital Formation being the main trigger for growth , Gov has , among other steps , targeted stepping up of farm credit flow . During last year (2010-11), the achievement in the flow of farm sector credit was Rs.4.47 lakh crores as against the target of 3.75 lakh crores.. This year (2011-12), the flow is expected to cross Rs 4-75 lakh crores.
- ◆ 2.6 While the flow of credit has stepped up phenomenally, spread over about 5.50 crore farm loan accounts , the flow has been uneven over areas or groups of farmers. Further , the flow has been highly skewed in as much as over 80% of the small farmers accounted for hardly about 20% of the loan amount.
- ◆ 2.7 The uneven and inadequate flow of farm credit is a structural imbalance. Coops accounting for the bulk of the accounts – by virtue of their Reach , Access and local feel – account for hardly about 20% of the total loan business. This calls for revitalizing the Rural Coop Credit set up , particularly the ARDB system catering to investment loan requirements accounting for the prime need of capital formation in the agri-sector.

3.Historic Evolution of CARDBS

- 3.1 Royal Commission on Agriculture in India (1928) :

“Coops are the hope of Rural India. If they fail, there will fall the hopes of Rural India”
- ◆ (b) Conference of RCSs (1920s) suggested separate set of institutions in Cooperative fold to meet farmers' LT credit needs. First cooperatives were started in Punjab(1920), Madras (1925) and Mysore(1929)
- 3.2. Subsequent land-mark Recommendations of various Committees on CARDBs improved their prime role in capital formation in Agriculture, eg.
 - ◆ All India Rural Credit Survey Committee (AIRCSC) 1954 - Establishment of ARC (1963) and rename LT structure from land 'mortgage' banks to land 'development' banks (LDBs), and further to ARDBs to cover whole gamut of RD (Madhava Das Committee 1974)
 - ◆ All India Rural Credit Review Committee (AIRCRC) 1969 - Provision of loans from REI (later by NABARD) to state governments for contribution to share capital of PLDBs.
 - ◆ Hazari Committee (1975) Integration of both the ST & LT structures.
 - ◆ CRAFTCARD 1987-Establishment of NABARD in July 1982
 - ◆ ACRG (1985) - Recommended for moving the system to a federation .

4. _PRE-REFORMS : PERFORMANCE OF CARDBs (1996-2010)

4.1 Operations:

Areas of serious concern –

- ◆ Continuous decline of share of CARDBS in total GLC Flow for agriculture , sharply down from over 25% to about less than 1%-
- ◆ CARDBS annual growth rate @2.5% , far behind peer group (>15%)
- ◆ share of NABARD refinance to SCARDBs declined from 47%(1981) to 22% (2010), current outstanding support being Rs.16,000 crore

4. PRE-REFORMS : PERFORMANCE OF CARDBs (1996-2010)

4.2 Working Results :

- 1) Profits(2009-10)
 - ◆ Number of loss-making SCARDBs declined from 10 to 8
 - ◆ Aggregate profit - Rs.255 crore
 - ◆ Number of profit-making PCARDBs declined from 412 to 369
 - ◆ Aggregate loss - Rs.154 crore
- 2) Costs and Margins (2008-09)
 - ◆ 13 SCARDBs had (+) net margins while 6 had (-) net margins
 - ◆ Out of reporting PCARDBs in 12 States, only 4 had positive net margins.

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4. PRE-REFORMS : PERFORMANCE OF CARDBs (1996-2010)

- 3) NPAs(2009)
 - ◆ NPAs of SCARDBs and PCARDBs decreased to 30.3% and 38.1% from 35.0% and 43.5% (2008) , respectively (due to debt-waivers etc)
 - ◆ Total NPAs ,respectively , Rs.5,000 crore and Rs. 4,400 crore
- 4.) Recovery (2009)
 - ◆ Average loan recovery of SCARDBs and PCARDBs declined to 40. % from 50% and 42% (2008), respectively
- 5) Governance (2010)
 - ◆ Duly elected Boards stand superseded in 9 SCARDBs and 265 PCARDBs (i.e., 45% and 38% of total, respectively).

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5. IMPAIRMENT IN CARDBs

- a) Structural constraint limiting Governance
 - ◆ Purely borrower-oriented, with no role for real stake-holder (ie depositors)
 - ◆ Physical distances (mainly in unitary structure)
 - ◆ Exclusive dependence of lower tiers on the apex body for resources.
 - ◆ State intrusion in financial and administrative matters
 - ◆ NABARD lacks the authority to enforce financial discipline.
- b) Organizational / Operational Constraints
 - ◆ High transaction costs, due to issue of smaller loans, widely , spread out
 - ◆ Absence of cross-subsidization (lack of diversification in loan portfolio)
 - ◆ Resource constraints (excessive dependence on borrowings), limiting volumes and economies of scale
 - ◆ Dependence on a single agency for resources, eroding its capacity to work in a competitive environment
 - ◆ Greater risk threats associated with agriculture.

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6. Goals For Restructuring & Revitalization Of CARDs

NEED TO REVISIT

6.1 Imperatives

Post financial sector reforms and market orientation- cooperatives have to become more efficient, vibrant and cost-effective, leveraging technology to reinvent themselves. This calls for a revault to

- ◆ Governance,
- ◆ Professional Management and
- ◆ Sustainability in policies and operations.

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6. Goals For Restructuring & Revitalization Of CARDBS

NEED TO REVISIT

6.2 Governance

The essence of Cooperative Movement is its non official and self reliant character, making for close conti mutual applications (self help and mutual help) - India's 1st prime Minister Jawaharlal Nehru

- 1) CARDBS not able to maintain
- ◇ either ethical values of coop. principles (i.e., autonomy, democracy and member-centric tenets), or
 - ◇ standards of corporate governance (i.e., prudence, transparency and accountability).

LEADERSHIP qualities still conspicuous by absence, except by exception.

- 1) Boards lack in professionalism as, unlike in Corporates, with no rigid "fit and proper" standards

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6. Goals For Restructuring & Revitalization Of CARDBS

NEED TO REVISIT

6.3 HRD

- ◇ Key to success lies in improving its productivity and efficiency, responsive to competitive environment. Training in RCCs failed to build-up "empowerment through knowledge" (professionalism)
- ◇ Emerging global banking warrants newer skills and newer competencies. Coop. banking sector needs to go for hybrid professionals well versed both in banking and technology, besides coop. ethos
- ◇ It is strongly recommended that HRD plans and initiatives should be in synch with business expansion and diversification. The programs may be structured in 2 tiers. One for general skills and the other for specialized skills for core staff in areas like BDP, Resource Management, Recovery Management and Technology Upgradation, etc/
- ◇ For effectiveness of training, there should be a Coordination Committee involving all major players (particularly NCT and Federation) under the leadership of NABARD to Design, Implement, Monitor and Evaluate (DIME). The above Committee should also prepare uniform course material, case studies, Sector papers, model schemes, operation manuals etc., and develop pools of resource faculty for common use (skillful and cost effective)

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6. Goals For Restructuring & Revitalization Of CARDBS

NEED TO REVISIT

6.4 Technology

- Technology playing a key role in Banks' strategy for gaining a competitive edge thro' improved efficiency and economy (eg. Computerization, Core Banking Solutions and multiple delivery channels etc). CARDBS too have to leverage technology to secure a level playing ground to operate in the competitive system.
- With support available from NABARD, both under Revival Package as also its CDF, banks should graduate to operate from a strong technology platform

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7. REFORMS PACKAGE UNDER THE VAIDYANATHAN COMMITTEE-II – (TASK FORCE)

- 7.1 Proposed VC-2 Package, now central to the exercise of Restructuring and Revitalisation of CARDBS, responding to the tenets of Financial Sector Reforms, envisages :
- ◇ provision of liberal financial assistance to bring the system to an acceptable level of health, both financial and organizational as well as managerial.
 - ◇ introduction of legal and institutional reforms essential for their autonomous, democratic, member-centric, self-reliant and efficient Management, and
 - ◇ initiating measures to induce Professionalism.
- 7.2 Revival of the CARDBS cannot be achieved only through a one-time financial package. It needs to be accompanied by institutional, legal and regulatory reforms that could enable the structure to function in a sustainable manner and prevent it from falling back into impairment.

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7. REFORMS PACKAGE UNDER THE VAIDYANATHAN COMMITTEE-II – (TASK FORCE)

7.3 The VC-2 Package once operationalised, will be central to the exercise of Restructuring and Revitalisation of the CARDBs, responding to the tenets of Financial Sector Reforms, viz :

- ◆ provision of liberal financial assistance to bring the system to an acceptable level of health, both financial and organizational as well as managerial.
- ◆ Introduction of legal and institutional reforms essential for their autonomous, democratic, member-centric self-reliant and efficient functioning and
- ◆ Initiating measures to improve the quality of management.

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8. Business Model: Imperatives for Paradigm Shift

8.1 Imperatives

Post Reforms, under the VC-2 package, CARDBS to graduate to

- ◆ a financially strong, viable and sustainable growth model
- ◆ operate in the competitive market on a stand-alone mode.

Performance Bench Marks

Start-up Bench Marks	Competitive Market Levels
GRAR 7%	12% - 15%
NPA 20%	3% - 5%
Recovery (50%)	(80%-90%)
Operating Expenses (% of gross income) 50%	2% of W.C. / equal to income from non-fund business

To achieve the inevitable, all units have to

- ◆ deepen and widen their business, quantitatively as well as qualitatively.
- ◆ graduate to time-bound, institution / area specific, market - driven mode

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8. Business Model: Imperatives for Paradigm Shift

8.2 Business Expansion

- I. Paradigm shift from Mono-Product syndrome to multi product, multi channel mode
- II.Coordination, but not conflict, with ST wing—
 - ◆ Management wise
 - ◆ Operationally, and
 - ◆ organizationally
- III. Shift from traditional land-based plat-form to Non land based activities (RNFS) (Need based for Integrated Rural Dev.& meeting 60% engaged in RNFS)
- IV. Increased focus on Rural Housing segment (Eco-friendly low-cost Models from Govts and Financial support from DFIs and using SHG/JLG vehicle)

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8. Business Model: Imperatives for Paradigm Shift

8.3 Business Innovation

- I. Big - Ticket loans
 - ◆ Switch over from traditional small loans, selectively, to BIG TICKET loans in Commercial agriculture to secure cross subsidisation.
 - (eg. Financing the farmers (Individuals or JLGs) linked to agro processing and export units under floriculture, fruit processing and sea foods exports etc.,).
- II. Group Dynamics
 - ◆ *"SHGs are more closer to the cooperatives than the coops themselves"*—Rediscovering Coop (1996), IRMA"
 - ◆ SHG / JLG model, with the promotional and financial support from NABARD, established itself as a successful model
 - ◆ for securing Financial Inclusion.
 - ◆ loan products with in-built group dynamics and ethical standards ensuring 95% recovery
 - ◆ proved to be successful also to the beneficiaries for securing sustainable livelihood with women/social empowerment
 - ◆ RBI has provided policy support for cooperatives to take up this financing including keeping deposit accounts of the SHG groups (including their individual members and their federations or other support agencies).

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8. Business Model: Imperatives for Paradigm Shift

"The financial inclusion is most severe in certain regions and among certain economic and social groups, mainly backward rural areas. Early implementation of 'adjudication Committee revival package, strengthening the involvement of Cooperative Banks in SHG – Bank linkage with enabling legislation for admitting SHGs as members, use of PACS and other primary cooperatives as business correspondents of Commercial Banks/RRBs are to be seriously considered"

Dr. C. Rangarajan Committee on Financial Inclusion

- iii) Urgent Imperatives of national priorities => A second Green Revolution
 - ◆ To establish food security to the nation and sustainable livelihoods to the individual rural households. (food production has to be stepped up from the present level of about 220 m mts to 250 m mts)
 - ◆ With focus for better management of irrigation facilities and bringing dry lands into cultivation (ONLY ALTERNATIVE TO SUSTAIN)
- b) Climate change and Environment protection < A serious global concern and a national compulsion
 - ◆ For improving 'clean environment thro' conservation of natural resources like water, land and air and protection against their degradation; Wastelands Development, Watershed Development and Energy Security thro' Renewable Energy sources (eg. Bio gas / mass), Bio Diversity
 - ◆ For arresting carbon emissions and massive expansion of green BELTS. Banks have to aggressively participate(technological forestry etc)
- c) Banks providing guidelines and skill imparting. NABARD would do well to subsidise establishing TME cells in all the SCARDBs with grants from its CDF and make them accountable for performance with rigid targets fixed for expansion and innovation. Keeping in view the Imperatives of IG thro' FI.

8. Business Model: Imperatives for Paradigm Shift

iv. Non- Fund Business Opportunities

1 Opportunities for income generation and financial viability:

- ◆ Provision of fee-based services (eg. issue of guarantees, collection of out-station bills, money transfers, lockers, and agency business besides ITe-products like payment of utility bills, railway / air travel ticketing and information centres, etc).
- ◆ A package deal with insurance companies - Bank can also cover their entire group of borrowers, for life and accident risk at a reasonable premium. This has twin advantages. Certain Banks have taken a lead already in this.
 - ◆ outstanding balance is secured by insurance, and
 - ◆ Get the benefit of financial margins in cross selling of the products

8. Business Model: Imperatives for Paradigm Shift

Non- Fund Business Opportunities

- 2.The VC-2 suggested permitting and encouraging the LT units to provide fee based services like issue of guarantees, collection of out station bills, money transfers, lockers, and agency business. Innovative and enterprising units can also venture into e-products like payment of utility bills, railway / air travel ticketing and information centres, etc.
- 3. "Business Correspondent and Facilitator model" - Banks and its Primaries may tie-up with Indigenous corporates, MNCs and CBAs for providing out-sourcing support for appraising, supervising and monitoring of their portfolios. (activities at the Primaries being seasonal, arising staff can be utilised for this purpose along side their recovery drive)

8. Business Model: Imperatives for Paradigm Shift

v. Coop. Social Responsibility

The field of Cooperative social responsibility is actually one of the obvious strengths of the cooperative movement. We have invented cooperative social responsibility and we must remind the world that in-built to our already efficient economic business module, there is a natural social element, which is why cooperatives are different from others.

Lian Macdonald, DG, ICA (2008)

- ◆ PPPP – Public, Private and Panchayat Partnership for Inclusive Growth thro' Inclusive Governance is emerging as a vibrant delivery mode for rural investments (MP, Delhi office in its Report "Creating Vibrant PPPP for IG thro' Inclusive Governance ")
- ◆ to be implemented thro' a SPV (the NGO/ Village Cooperative –
- ◆ RCCs should take an aggressive role to participate in this SPV for mutual benefits at the participants level and for Growth with Equity at national level.

8. Business Development: Concomitant requirements

1. Resources Mobilisation

capacity to include multiple products in its portfolio would depend largely on ability to raise resources at competitive rates from a variety of institutions

"The continued dependence on single agency for funds is detrimental to the growth and long term interest. It can be overcome only when alternative avenues are explored in addition to the NABARD. Any part in the LTCC structure should be free to borrow from other Financial Institutions directly from the market through appropriate instruments, depending on the strength of the financials"

Yaduvanshan Committee

ii. To amend the NABARD Act to allow it to provide resources, either directly to PCARDBs or indirectly through other FIs to SCARDBs.

- iii. To explore other possible sources as well, eg:
- ◆ Improve owned funds (Capital + Reserves) position
 - ◆ Strengthen the existing public deposit route
 - ◆ Continue to raise funds through SDD/OD routes as hitherto.

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8. Business Development: Concomitant requirements

1. Resources Mobilisation

◆ ARDBs should, with the support and guidance from NABARD, go for credit rating from accredited rating agencies to secure funding support from Commercial banks and other agencies without government guarantee. Federation of ACARDBs should simultaneously initiate steps to set up, with the support and guidance from NABARD, a dedicated rating agency for ARDBs in collaboration with CRISIL or similar agencies

◆ Alongside, banks, with the help of NABARD and SEBI, and under the leadership of Federation, develop a Secondary market for trading in mortgage securities.

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8. Business Development: Concomitant requirements

2. Systems / Procedures / Controls :

- ◆ Diversification into new business areas calls for adequately equipping human resources with required skills, in DIME
- ◆ Simultaneously, selection of borrowers, good appraisal of proposals, internal control, supervision and monitoring have to be streamlined. Banks should follow NABARD guidelines / instructions and manuals in vogue.
- ◆ Timely and hassle free disbursement of loans is test of good business. Inordinate delays in loan sanction / disbursements are due to non-availability of funds with the Primaries besides inadequate delegation of powers – both need to be corrected.

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8. Business Development: Concomitant requirements

3 Supervision over end use of funds & Recovery Practices

◆ Effective supervision and monitoring over advances is essential for quality assets (technically qualified personnel, transparent facilities for Field Officers, codified instructions on procedures, sufficient recording system and regular planned visits for borrower contact are important pre-requisites for good recovery).

◆ A strategic plan for recovery of loans and reduction of NPAs should be drawn up, stipulating support and co-ordination of Directorates to (cover) the objectives progressively at Block level in each of the meetings. (ie Such reviews should be based on loan defaults (area-wise / sector-wise) and case-by-case analysis of chronic defaulters).

◆ Expedient settlements under OTS, incentives to good payers and education of borrowers on timely repayments are some of the strategies the Banks may adopt to improve recovery.

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8. Business Development: Concomitant requirements

4. Risk management and Capital Adequacy

"Coops is all about managing high volumes of low value transactions and the credit and operational risks associated with them" (BIRD Publication on MFJ Seminar, 2009)

- ♦ Risk management/mitigation is one of the serious limitations as Agriculture sector is highly prone to many risks, both natural eg climate risks , price risks , technology risk , etc for farmers) and man-made (ie poor recovery syndrome and consequent losses to bankers)
- ♦ Banks primarily face Credit, Liquidity, Operational and Exposure risks.
- ♦ Prudential norms ensure Credit risk mitigation.
- ♦ Liquidity risk arises on account of poor recovery and consequent inability of the Primaries to repay the Bank loans and improve issue of fresh loans. Issue of insurances also exposes the Bank to the same risk.
- ♦ Improving internal control/supervision with processes. Operational risk is to be addressed. Exposure risk needs to be talked, through a long term credit policy, risk pricing and stipulated sector wise exposure.
- ♦ Apart from improving the systems management. Critical to risk management is insulating operations from internal management and , unfortunately, Credit" is inside the Village in all continents for political and Government reasons, rather than farmers', across the board, instead of evolving need-based holistic solutions to farmers problems
- ♦ Yet another important tool , particularly to mitigate losses arising out of inadequate incomes of the poor cooperative groups is quality of the groups with 'additional income from complementary / supplementary activities' (livestock, fisheries and non-farm sectors, besides natural resources management besides better rural infrastructure.
- ♦ Better rural health and education will go a long way to raise the standards of living of vulnerable groups which is essential for inclusive growth with equity.

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8. Business Development: Concomitant requirements

b). Capital Adequacy

As stable capital with increasing risks assumes importance VC-2 Praaribad minimum CRAR of 7%, to be raised to 12%, in 3-5 years. To meet this,

- ♦ Minimum share amount for the Primaries could be increased to at least Rs.1000/- per share.
- ♦ introduce strong Thrift
- ♦ Apex Banks may float unsecured debentures which may be subscribed to by the Primaries, particularly those doing good business. (to be redeemed after reaching stipulated CRAR
- ♦ Cooperation being a peoples' movement, borrowers may be educated to support the Bank in their relatively good times by retaining the share capital in fixed deposit / debentures for at least for 3-5 years
- ♦ Such borrowers could be given subsequent loans, mentioning their deposits towards additional share capital contribution.

ii). Primaries should endeavour to widen their membership base and encourage them to avail of the financial facilities..

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8. Business Development: Concomitant requirements

5. Business Development Process

- ♦ The SCARBS units are presently preparing their DAPIAAP for business development under the MOU executed by them with NABARD. Post VC-2, such AAPs should be institution -specific and time bound (period of 2 to 5 years) with all rigors of result - orientation
- ♦ The Plans should be implemented and monitored (DIME) under the guidance and supervision of an Empowered Committee of Experts supported by a dedicated team of associates of the institutions concerned and under the guidance and support from umbrella organizations ie, NABARD / NAFARDBS / NCU.
- ♦ The performing entities will remain in the system while the others have to exit.

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9. Restructuring of CARDBS

9.1 Federal Structure :

Uniformly, various Committees , including VCR- 2, strongly endorsed federal structure as more suited for local involvement of members and building up of local leadership.

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9. Restructuring of CARDBS

9.2 Restructure of PCARDBs :

- ◆ In their present organizational form and with low business levels and poor working results, PCARDBs cannot achieve the goals of provision of timely, adequate and right credit for their members, securing for themselves sustainable viability
- ◆ Broadly any re-designing and re-engineering exercise should address, among other things, the stipulated prudential standards prescribed by RBI / NABARD and bench-mark performance laid down in the VCR-2.
 - ◆ Non-Viable units have to exit thro. M&A or liquidation in extreme cases.
 - ◆ Potentially Viable may be given specific time frame to attain sustainable Viability by implementing re-oriented DAPs, post VCR-2
 - ◆ Viable Units should re-orient their business modules, along with attaining all the bench marks set under VCR-2 (i.e. Governance, HRD and financial sustainability).
- ◆ Above exercise has to logically lead to appropriate restructuring, on a case by case basis, into district level banks with the existing taluka level primary banks converting themselves as branches of the district primary bank, operating at taluka level. With this,
 - ◆ DLPB will have better prospects of emerging, effectively, responsive to the needs of its members and realizing sustainable viability
 - ◆ Retention of taluk level branches will ensure continued accessibility to members
 - ◆ Staff of the existing taluk level primary banks will become staff of DLPB, staff mobility career prospects and will improve.
 - ◆ There will not be boards at the taluk level branches of the reconstituted district level Primary bank and thus it is possible to save on management costs too.

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9. Restructuring of CARDBS

9.3 Reorganization of Branches of the SCARDB

In the above restructured model, the Regional Offices of the Apex Bank could also be converged into 3 or 4 Divisional or Zonal Offices of the Apex Bank covering 6 to 8 DLPBs.

- ◆ They exercise decentralized powers for effective supervision of Primary banks.
- ◆ surplus staff arising from this could suitably be re-deployed.

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10. Real Sector Issues – Pre condition for CARDBS Growth

10.1 Development Deficit In Agriculture and Rural Development

- ◆ Credit is necessary but not sufficient in securing inclusive growth with equity. All other inputs together with backward and forward linkages need to be effectively put in position
- ◆ Indian agriculture is going through a very critical phase and serious challenges. It is, therefore, necessary to put in place an enabling environment in the real sector so that the coops could deliver the expected results.

"When we review our agricultural situation, it is clear that there are four deficits we need to bridge. These four deficits are (i) the public investment and credit deficit(ii) the Infrastructure deficit(iii) the market economy deficit (iv) the knowledge deficit.As together, they are responsible for the development deficit in the agrarian and rural economy".

– Honourable Prime Minister of India, Shri Manmohan Singh at NDC meet on 9th December 2006

10.2 Once policy initiatives are put in place, RCCs have to take logical further steps for facilitating food security and sustainable livelihood thro- FI and IG.

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11. Development of Cooperatives – Policy Environment

"Let Coop Philosophy be an integral part of every aspect of human development for growth, from sustainable livelihood to the poorest citizens and security to the nation"

Main stream the cooperatives

11.1 Imperatives of supportive policy environment

- ◆ In our country, political leadership has gradually taken over the coop. leadership and political expediency has marginalized the coop. principles of democratic values and functional autonomy, resulting in the prudence in business management giving way to narrow political gains. This strong malady has led to the severe impairment – managerial, organizational and operational - in the movement.
- ◆ Successive expert Committees have suggested for restoration of coop. values in the movement and finally a ray of hope has emerged from the revival package under way following the recommendations of the Valayathan Task Force (2006).

"WELL MANAGED, MEMBER-CENTRIC AND VIBRANT TO SERVE THE TOTAL CREDIT NEEDS OF THE FARMERS AND THEIR OTHER MEMBERS".

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11. Development of Cooperatives – Policy Environment

11.2 Relief to Farmers under stressed conditions

- ❖ Governments at both Centre and States roll out relief by way of interest concessions and repayment waivers following natural calamities. While intentions of such packages are pious, in practice, they are implemented across – the – board and often not reaching the genuine and the needy, thus defeating the well meant purpose of relief measures. This has also caused severe damage to the recovery climate, resulting in erosion in the financial strength of the institutions.
- ❖ In this context, it is reiterated that the standard prudent suggestions for ameliorating the farmers' distress in the right way and spending the ex-chequer's scarce resources with expedition need urgent consideration by the policy makers
 - ❖ Relief to be case by case, not across the board
 - ❖ Relief to be provided out side the banking system
 - ❖ Relief to be a part of integrated support package

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11. Development of Cooperatives – Policy Environment

11.3 Special Status to Rural Credit Cooperatives

As, of late, institutional interests are subordinated to political expediencies, it is worth insulating the Cooperatives as constitutional entities like Panchayat Raj Institutions (PRIs) through appropriate amendments to our Constitution

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11. Development of Cooperatives – Policy Environment

11.4 Cooperative Education

All efforts should be made for building up coop leadership for the posterity from the youth, just as building up national leadership. Accordingly, for this purpose, inspiring success stories and mighty contribution of the coop. movement and its illustrious leaders should be made part of the curriculum of primary and secondary school education.

Knowledge is power and power leads to empowerment "India Tomorrow will not come just about with just one magic bullet"

Noble Laureate Amartya Sen

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12. Epilogue

- ❖ It needs to be reiterated that a managerially sound, organizationally efficient and operationally vibrant ARDS structure is an urgent and strong imperative for re-orienting the growth trajectory of the agricultural sector through robust capital formation. In the sector, And cooperatives, and none else, are the tested vehicles to reach this goal!
- ❖ With the last opportunity for availing the one-time financial assistance from VC-2, all the stake-holders should join hands in the prime task of structural re-engineering of the system with shared commitment and full sense of urgency and priority.
- ❖ Choice for Coops. " Prosper or perish ". Coop.s need to prosper for the sake of posterity as "Coop.s are the only hope for Rural India "

"Restructuring and Revitalization of LYCCS is a compulsion and not an option. "

Thank You

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We contributed least to climate crisis

- Women: indigenous, peasant, herders, fisherfolks, pastoralists,
- Natural and traditional food producers
- Subsistence, sustainable and viable production practised
- Raising to the level of science
- Disrupted and destroyed by market or capitalist production
- intensified by imperialist globalisation

Women and Climate Change

By: Veena Nabar

Impact Climate change on Women

- Increased hardship for India's poorest women. Women in India, especially in rural areas, are often responsible for providing daily essentials such as food and water.
- When climate change related disasters strike, research has shown that the workload of women and girls increases, thus leading to their exclusion from opportunities like education and a diminishment in their equal participation in development. For example, deforestation increases the time women need to spend looking for fuel.
- Research has further shown that women have fewer means to adapt and prepare for extreme weather conditions.

CLIMATE CHANGE MITIGATION

Efforts by IFFDC



Indian Farm Forestry Development Cooperative Ltd.

About IFFDC

Mission: "To enhance the socio-economic status of the people through collective action by Sustainable Natural Resources Development".

Major Thematic Interventions

1. Green Cushion and Climate Change
2. Livelihoods (Food and Nutritional Security)
3. Cross-cutting Interventions (Gender Mainstreaming, Community Institution Development and Capacity Building)
4. Productivity Enhancement (Soil Health, Seed Production Programme and Agri-Input Supply)

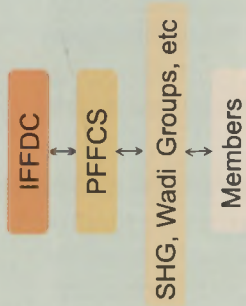
Member Cooperatives- 164

Members- 29,695 (38% Women Member)

Ensuring Livelihood Improvement- > 3.75 lakh families

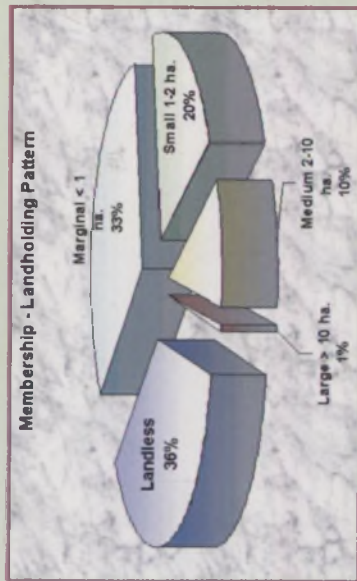
Villages Covered- 9,300

Institutional Model



S. No.	Particulars	Members	% As on 31.4.11
1	Male	17,892	62.8
2	Female	10,608	37.2
	Total	28,500	100

Membership Pattern



Efforts by IFFDC

- ❖ Carbon Sequestration through afforestation
- ❖ Ecological Resilience through Watershed Management.
- ❖ Nutritional security through WADI development.

ACHIEVEMENTS OF FARM FORESTRY PROJECTS

27 APRIL, Vandalanallur (Tamil Nadu) - 1928 ha. in 1978, 4246 ha. in 1987 and 84 ha. in 1998. This has been achieved and converted into farm forestry cooperative groups.

Inventory of 18000 Sal trees (23 lakhs in 1978, 27 lakhs in 1982, 40 lakhs in 1987 and 1.24 lakhs distributed) is being completed by 2017/18.

The distributed Sal trees are planted in 17000 acres, 12 lakhs of Sal trees, 10 lakhs of other trees, 10 lakhs of other trees, 10 lakhs of other trees, 10 lakhs of other trees.

Since inception, 81 lakhs of Sal trees are distributed for the community through the distribution activity, out of which 20 lakhs (44%) are already in the 10000 ha.

100 Sal trees are planted in 10000 ha, 10000 Sal trees are planted in 10000 ha, 10000 Sal trees are planted in 10000 ha, 10000 Sal trees are planted in 10000 ha.

Marketing of 200 lakhs according to the criteria of the 10000 Sal trees that they use for Income Generation Activity.

Total net carbon gained by these forests after distribution is 17.4 lakhs tonnes.

Transformation of Wasteland



Women Participation

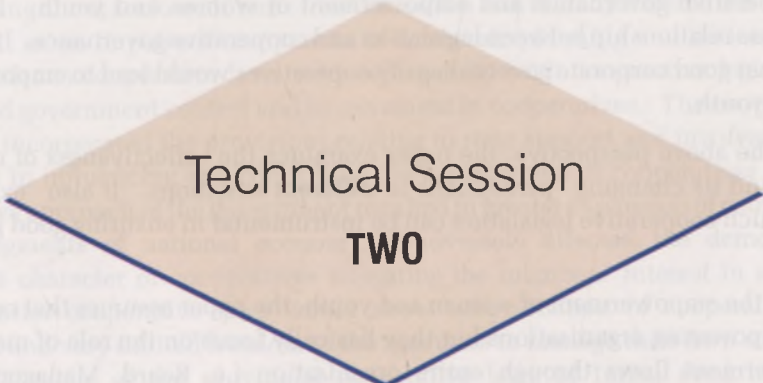


NUTRITIONAL SECURITY THROUGH WADI INITIATIVES

States	Projects (no.)	Acres
Rajasthan, Madhya Pradesh, Chhattisgarh, Andhra Pradesh, W. Bengal	9	8000



Thank You!



Technical Session
TWO

Legislation as an effective tool of Cooperative Governance with special reference to Empowerment of Women and Youth

✦ B. D. Sharma

I. Introduction

The core issue in the subject is the effectiveness of cooperative legislation as an effective tool of cooperative governance and empowerment of women and youth. In a way, it reflects a close relationship between legislation and cooperative governance. It also seems to assume that good corporate governance of cooperatives would lead to empowerment of women and youth.

Viewed in the above perspective, the paper examines the effectiveness of cooperative legislation and its changing perceptions in different situations. It also examines the extent to which cooperative legislation can be instrumental in ensuring good governance system.

Referring to the empowerment of women and youth, the paper assumes that cooperatives are truly empowering organisations but they basically focus on the role of members and the empowerment flows through entire organisation i.e. Board, Management, staff, customers/members and community. Sometimes there is a misconception about cooperative empowerment that it is merely associated with the authority relationship among various organs of its management. In nutshell, the empowering process in cooperatives is founded on building and sustaining vital connections between members and their cooperatives.

Therefore, effectiveness of cooperative legislation and governance with reference to empowerment of women and youth needs to be examined keeping in view the nature and characteristic of cooperative empowerment process.

There are following components of the subject matter of this paper: - (i) concept of governance and its evolution; implications of good governance and the effectiveness of cooperative law to ensure good cooperative governance; (ii) concept of empowerment in cooperatives and effectiveness of cooperative law as a tool to ensure its through good governance.

II. Evolution of Cooperative Legislation

Tracing the evolution of cooperative legislation, two distinct situations in the world emerge:- one there are countries where cooperative movement preceded before

cooperative law or in other words, the cooperative law in these countries was shaped by the cooperatives themselves. Most of the European countries belong to this category. In Denmark, there was no cooperative law. Second set of the countries are those where cooperative law preceded to cooperative development. Majority of the countries of Asia and Africa belong to this category. Japanese Agricultural Cooperative Law enacted in 1900 is regarded as the oldest cooperative legislation in Asia and Pacific followed by India which had its first cooperative law known as Cooperative Credit Societies Act of 1904 followed by Cooperative Societies Act of 1912 and Bombay Cooperative Societies Act of 1925. Other countries of Asia and Pacific Region formulated their cooperative law on the basis of Indian Cooperative Law. In pre-independence period, most of the countries of Asia and Pacific Region, law was formulated by colonial governments aiming at the development of cooperatives as an adjunct to government policies with active government support to elicit political loyalty of management committee to the Government.

After independence, majority of Asian countries accepted cooperatives as an important agency to bring about socio-economic transformation and thereby include the cooperative development as an important component of economic planning and national budgets. Pre-independence cooperative laws were replaced by such cooperative legislation that strengthened government control and involvement in cooperatives. The cooperative law specifically incorporated the provisions relating to state support and involvement of the government in influencing and controlling the management of cooperatives. Although the pro-active approach of the government resulted in greater expansion of cooperatives in different segments of national economy, it adversely affected the democratic and autonomous character of cooperatives relegating the members' interest in sideline. A study of earlier cooperative laws would show subordination of cooperatives to the government and very limited freedom to the members to manage their own cooperatives. For example, some of the provincial cooperative laws of India, even incorporated provisions for annulling the resolutions of the General Body of cooperatives by the Registrar of Cooperative Societies and wholesale supersession of Board of Directors in case government was dis-satisfied with the management of cooperatives for some or other reason, many a times on political grounds. However, globalisation and liberalisation brought a tremendous change in the perception and attitude of the government and cooperatives.

Recognising the need for cooperatives to compete in the market and for adopting a policy of gradual dis-engagement of government and the demand of cooperatives for level playing field on par with corporate sector, the reformation of cooperative legislation and policies has become inevitable. The Cooperative Ministers' Conferences convened by International Cooperative Alliance for facilitating a continuous and effective dialogue between government and cooperative movement have catalysed the process of creating enabling policies and legislation for cooperative development in globalised economy – in Asia – Pacific Region.

Global Perspective on Cooperative Law:

Adoption of cooperative identity statement by ICA in 1995 defining the broad parameters of governance of cooperatives based on cooperative values and principles set in motion the

reformation of legal and policy environment of cooperatives in the changed context of globalisation and liberalisation. Thereafter adoption of ILO recommendation 193 and formulation of UN Guidelines 2001 for the member governments on the issue of reformation of cooperative law provided a clear view on the global perspective on cooperative legislation. It will be relevant to mention a few excerpts from these documents.

ILO Recommendation 193

Article 10 (1) Member States should adopt specific legislation and regulation on cooperatives, which are guided by cooperative values and principles set out in Para 3, and revise such legislations and regulations when appropriate;

(2) Government shall consult cooperative organisations, as well as employers and workers organisations concerned, in the formulation and revision of such policies, legislation, regulations applicable to cooperatives.

State's Role in providing support services to cooperatives (Art. 11(1) and (2))

- HRD
- Research, management and consultancy services
- Access to finance and investment
- Accountancy and Audit
- Management Information Services
- Information and Public Relations Services
- Consultancy on technology and Innovation
- Legal and Taxation Services
- Other support services where appropriate

UN Guidelines 2001

Art. 11(1) "laws should include definition of cooperative using the "Statement of Cooperative Identity"

(2) General Law on Cooperatives or laws specific to cooperatives or under which cooperatives should fall, should ensure that cooperatives enjoy real equality with other types of associations and enterprises and not be discriminated against.

(3) law should include "Commitment neither their unique nature nor their separate and distinct treatment in law and practice should be the cause of discrimination"

Art. 12 "it may be appropriate to make special provisions in law for certain types of categories of cooperatives to safeguard their ability to enjoy real equality with other types of associations and enterprises and not to be discriminated against because of their special character"

Article 19- Extension of Technical and Finance Assistance to cooperatives as is available to other stake holders.



Prof. Amiya Sahu, Dr. PVA Rama Rao and Mr. B.D. Sharma at the Seminar

Parameters for formulation/reformation of cooperative legislation suggested in these documents are practically the same as set out by ICA-AP Cooperative Ministerial Conferences from 1990 onwards. These excerpts indicate important parameters of the governance of cooperatives as they indicate that cooperative legislation should be based on cooperative values and principles. UN guidelines specifically calls for inclusion of statement of cooperative identity in the cooperative legislation itself and it also calls upon the Government to formulate such cooperative law as will ensure equal treatment of cooperatives with other types of association and enterprises.

III. Evolution of the Concept of Governance

Before discussing corporate governance of cooperatives it sounds more logical and appropriate to briefly discuss the concept of governance and its evolution. The historical evolution of governance may be divided into two phases; (a) pre globalisation phase; and (b) post globalisation phase. Pre-globalisation phase is marked by growth and development of capitalism originating with family owned enterprise having pyramidal business growth with apex share holder controlling the companies. Another characteristic feature of pre- globalisation phase was emergence of state capitalism following second world war and emergence of communism. Third important phase in the historical evolution of governance is emergence of mixed economies following the independence of colonies in various parts of the world. This type of economic system visualised the development of three sectors of national economy viz. Private, public and cooperative. The profile of companies reflected full ownership and control of public enterprises by the

Government, limited liability companies in private sector and member owned and controlled cooperatives.

With the entry of globalisation in the sphere of economic development and collapse of communism and also the failure of many large capitalistic multinational companies e.g Enron and sporadic scams taking place in many countries, the issue of corporate governance came into sharp focus. Analysis of the failure of enterprises was traced to the factors and reasons leading to bad governance and management and the deflection of economic enterprises from their accountability towards the share holder owners and other stake holders and society.

For the first time, it was 1992 when an Expert Committee in UK known as Cadbury Committee was appointed to define the governance and to formulate detailed guidelines for ensuring good governance. The Cadbury Committee defined governance as “the system by which companies are directed and controlled in the interest of the stake holders. Thereafter, the institutions viz. IFC and OECD came up with definitions of governance. International Finance Corporation (IFC) defined governance “the relationship among management, Board of Directors, controlling share holders; minority share holders and other stake holders. OECD emphasised “corporate governance involves a set of relationship between Companies Management; its Board; its share holders and other share holders. Corporate governance also provide structure through which the objectives of the companies are set and the means of attaining those objectives and minority performance are determined.

In India, three Experts Committee were appointed – Kumaramanglam Birla Committee; Nareshchandra Committee; and Narayan Murty Committee. While Kumaramangal Committee emphasised the objective of the good governance as enhancement of share holder value keeping in view the interest of other stake holders; Narayan Murti Committee said, “corporate governance is about ethical conduct of business”.

IV. Corporate Governance of Cooperatives

Issue of cooperative governance has to be viewed in the context of nature of enterprise and the environment around it. There is also impact of cultural issues on an enterprise, be it cooperative or non-cooperative. Since cooperatives are totally different in their philosophy, nature and beneficiaries, the parameters of corporate governance may have to be different from private sector or public sector enterprise. However, there is also a commonality in some of the principles of corporate governance in cooperatives and in other enterprise particularly transparency; rule of law; participation; responsiveness of stake holders; equity; efficiency; sustainability and accountability. In case of corporate sector, the system of corporate governance has evolved through various stages, starting with family owned firms to modern investor owned limited company. In cooperative sector, the earlier concept of governance was based on the “honorary management”. The second phase of development was the emergence of state controlled and state sponsored cooperatives particularly in Asia Pacific and African regions. Presently the governance is regarded to be based on the nature of cooperatives as members centric, member controlled

autonomous and independence enterprises. The important parameters of cooperative governance that may be culled out from ICA identity statement, ILO recommendation 193 and UN Guidelines may be as follows:

1. Incorporation of cooperative values and principles in cooperative law;
2. Democratic management;
3. Member economic participation;
4. Provisions in National Constitution on cooperatives to provide the basis of cooperative legislation;
5. Autonomy and Independence; self-regulation;
6. Relationship between Government and cooperatives;
7. Transparency through the development of effective information system;
8. Well defined roles and responsibility of various organs of management i.e. General Body of members, elected Board of Directors and professional manager;
9. Corporate social responsibility focussing empowerment of women and youth.

V. Empowerment and its Implications

Since the paper attempts at analysis of effectiveness of Cooperative Legislation with focus on empowerment of women and youth, it is necessary to have conceptual clarity about the concept of empowerment. Scanning through literature on empowerment this author came across three brief definitions of empowerment. According to Wester empowerment means "To give official authority or legal power" other two definitions centred around enabling the target group to acquire necessary power and authority in the society or organisation to participate in its activities on equal footing. Third important definition highlights that empowerment promotes self actualisation or influence.

The process of empowerment through legal steps may be effective only if the party being empowered already has competency to achieve the desired outcome. Second definition aims at creating enabling policies and environment to open up opportunities for women and youth to be important part of socio-economic of main stream obviously for concretising the meaning contained in both the definitions. The government will be principal actor and the agency to achieve the objective. The third definition with focus on promotion of self actualisation or influences appears more practical in its translation into practice.

The core concept of empowerment is idea of power with responsibility and the power exists in the context of relationship. It cannot exist in isolation. As relationship changes power also changes. Therefore, empowerment is also a change process in society or organisation. Further power is also characterised by collaboration, sharing and mutuality.

Empowerment can be viewed in different perspective, i.e. individual, community and organisation both economic and social organisation. In cooperatives, we view empowerment in the context of individual member as an integral part of an economic enterprise group propelled through well defined values and principles. It is a multi

dimensional process that facilitate people to gain control of their own life in the light of their competency and capability and strengthen economic organisation/enterprise to become independent and autonomous. Empowerment is an inclusive concept and it does away all types of discrimination, bring people together and instil in them a feeling of self-reliance that they can make difference and ultimately influence the decision taking process for their benefit in any organisation. In nut shell, empowerment means enabling individuals/groups to develop competency and capability.

Cooperatives are truly empowering organisation focussing on the socio-economic betterment of their members through self-management based on mutuality, equality and equity. Experts on cooperative management are of the view that while empowerment flows through entire organisation – board, management, staff, customers/members; community – it originates with and returns to the members, In cooperatives empowering process is funded on building and sustaining vital connection between members and their cooperatives. It is not merely associated with authority relationship among the various organs of management. It basically aims at building positive and collaborative relations among the constituents of cooperatives.

Empowerment of women and youth through cooperatives, if catalysed, will serve a dual objective of overall socio-economic development of society as also that of cooperative organisations in the context of growth of leadership resources.

VI. Effectiveness of Cooperative Legislation – as a tool of Good Governance of Cooperatives

Effectiveness of cooperative legislation as a tool for good governance of cooperatives needs to be analysed in the context of the parameters mentioned at the end of the section II of this paper. As indicated in the section relating to Corporate Governance of Cooperatives in Section IV of this paper, the current thinking of the governance has been shaped by the pressures of globalisation. The parameters have been formulated keeping in view the message contained in ICA identity statement, ILO recommendation 193 and UN guidelines.

Following the growth and diversification of cooperatives both horizontally and vertically and their integration with national and global economy post globalisation period has called for creation of a governance system that will distinguish cooperatives, if compared with corporate sector where maximisation of profit is the sole motto. Another important consideration which has further highlighted the importance of distinctive governance of cooperatives is their nature as members centric enterprises, although they are equally concerned with other stake holders. Thus it has to be an effective blending of cooperative values and principles, commanding control of members, protection of their rights accountability of management and concern for community. In this section, an attempt has been made to discuss the cooperative legislation prevalent in some of the countries of Asia and Pacific and allied issues that influence the governance system of cooperatives.

Definition of Cooperatives:

In Cooperative Law of majority of the countries universally accepted definition of

cooperatives in ICA Cooperative Identity Statement has not been included. Only a sketchy mention of the definition of cooperative is “as a body corporate which has been registered in cooperative law in accordance with the cooperative principles”. Such sort of legal definition of cooperative enterprise does not explain its nature and characteristics. This creates difficulty for law courts to correctly interpret cooperative enterprise. It will be worth consideration if cooperative law itself incorporates the definition given in the Identity Statement and accordingly prescribes conditions for registration.

Cooperative Law Vis-a-vis Cooperative Identity:

After adoption of ICA Cooperative identity statement by global cooperative movement in 1995 attempts have been made to incorporate cooperative values and principles in the cooperative law itself so as to transform cooperative governance system as value driven and to help cooperatives to preserve and strengthen their identity at market place. However, only Multi State Cooperative Societies Act, 2002 of India and Cooperative Code of Philippines have included Cooperative Principles as defined in Identity Statement. The laws in other countries reflect a lot of variation as they have their own adaptation of cooperative principles.

In some countries provisions have also been made in their national constitution for defining the positioning of cooperatives in the economic system of the country as stated in UN Guidelines that the legality of cooperatives and cooperative movement should be recognised in the National Constitution. For example, Article 44 of Islamic Republic of Iran Constitution highlights cooperatives as one of the important sectors of their mixed



Shri P. Nair, Coordinator addressing the delegates

economy. It also prescribes functional duties of cooperatives. Indonesian Cooperative Law vide Article 62 mentions that Cooperative Laws is based on 1945 Constitution.

Democratic Management and Control of Cooperatives

The democratic management and control is one of the cardinal elements of cooperative governance system. Practically all the laws make a provision for election of the Board of Directors without any discrimination as per the provisions relating to election procedures. The basic issue is whether only timely election of the Board by the members can ensure good governance for cooperative institutions. Election is merely an instrument for constituting the Board of Management. Many a times, due to certain extraneous factors such as political interference by the party in power, manipulation in prescribing eligibility condition of the voters, lack of attendance in the General Body Meeting, vitiate election proceedings and obstruct entry of capable and honest persons in the management of cooperatives.

The cooperative laws make provisions for appeal if there is any grievance of the members or non-conduct of free and fair election. It takes a long time to have judicial verdict. The cooperative law, therefore, needs to be made suitably effective by providing necessary checks and balance to ensure free and fair elections.

The implications of democratic management and control in cooperatives are very wide and ethical. The law should not only ensure timely election of the Board, but also create mechanism that encourages the entry of capable and value driven members including youth and women members to get elected as the members of the Board of Directors. The eligibility condition of the prospective candidate should be made more specific and stringent to curb the entry of vested interests in the management of cooperatives. Further the members should be encouraged for their active participation in the affairs of cooperative societies.

Role of the Government

In some countries areas of government support to cooperatives have been including in cooperative law. In Indonesia an exclusive Chapter No.12 describes the role of government in cooperative development. Its Article 60 lays down that government will create conducive environment for cooperative growth. In India too there are provisions which mention about the state aid to cooperatives and power of the government to influence and monitor the cooperative governance system. In some of the provincial cooperative laws the government has over riding powers to issue directions to the cooperative institutions. Article 65 of Iranian Cooperative Law prescribes for creation of Ministry of Cooperatives under the law to enforce cooperative legislation and to provide assistance to cooperatives in regard to legal, financial, administrative and technical support. Singaporean Cooperative Law also deals with the role of government both in the area of promotion of societies and also for helping the cooperatives in the areas of governance and administration. In Thailand, two exclusive government departments for supervision and development of cooperatives have been created. While Cooperative Promotion Department deals with the promotion and development of cooperatives, Auditing department is responsible for exercising financial supervision of the

cooperatives. In Vietnam also vide Article 3(i)(a) of Cooperative Law role of government has been specified as promulgation and implementation of policies; provision of financial assistance and creation of basic infra structure to facilitate cooperatives to join socio-economic development programmes of the state. Obviously this is also subject to supervision of the government on the working of cooperatives.

Self Regulation and Autonomy

Autonomy and Independence is one of the universally accepted principles of cooperatives world over. However, cooperative laws have not made any categorical provision for recognising autonomy and self-regulation as a cooperative principle. Only Cooperative Law of Iran is somewhat categorical vide Article 7 saying that cooperative unions and societies are independent and government may collaborate with cooperatives without interfering in their management. Japan Agricultural Cooperative Law Article 28, 29 entitles cooperatives to formulate their own bye-laws, supervision and audit mechanism. The provision on similar lines is available in the Agricultural Cooperative Law of Peoples' Republic of Korea. Article 1 of the law clearly mentions that purpose of cooperative law is to promote autonomous cooperatives.

Indian Cooperative Law particularly Multi State Cooperative Societies Act of 2002 has made some provisions towards autonomy and self-regulation of cooperatives. The practice of appointment of government nominee on the Board of Directors has been rationalised linking it with the extent of government share capital contribution to cooperatives. The cooperatives have also been authorised to appoint their own auditor and conduct elections. The provision of supersession of Board of Directors has been deleted. However, situation at the provincial level in provincial cooperative laws still remains far from satisfactory. But the new pattern of cooperative legislation which has of late emerged viz. Self-Reliant Cooperative Societies Act in 9 states and Producers Company Act visualises total autonomy and independence for cooperatives.

Thai Cooperative Law Article 22 contains a provision to authorise the Registrar to suspend elected Board temporarily till election of new Board. In Vietnam vide Article 30 of Cooperative Law provide for a Control Committee at the level of each cooperatives elected by the general meeting of the members to supervise the working of Managing Committee. In case of violation of bye-laws, resolutions of General Meeting, financial impropriety the control committee is authorised to convene a General Meeting of members to deliberate on the issue and suggest corrective steps or punish those responsible for such violation. On similar pattern Malaysian Cooperative Law and Philippines of Code of Cooperatives make provisions for such Committee through the elections by the General Body.

Protection of Members' Rights and Transparency:

Cooperative Law in some of the countries of Asia and Pacific Region also make provision for protection of members' interest and other stake holders besides maintenance and transparency of management. Indonesian Cooperative Law vide Article 20(2)(i) defines obligation of each member, Article 22(2) ensures transparency of Management by providing right to members to acquire information about their cooperative society and Article 31 defines the accountability of management to members meeting.

Multi State Cooperative Societies Law of India make provision for protection of rights and interest of members vide Section 25, 28, 29 and 30 . The Act also makes provision to control the delinquent members and entry of vested interest. Rights and interest of other stake holders are protected under Section 26. Section 108(1)(iii). It entitles member to inspect the books of accounts and to acquire any information about his cooperatives. Similarly, Iranian Cooperative Law also defines the obligations of the members vide Article 11 and their right to supervise the cooperative affairs vide Article 10. The Agricultural Cooperative Law of Japan vide Article 33 mentions Duties of Directors; Article 35 and 36 entitle members or any other creditor of cooperative to see the documents prepared by the management and submitted to the auditors. Members are also entitled to request the Board for dismissal of General Manager or Chief Accountant vide Article 43. Other Cooperative Law such as Agricultural Cooperative Law of Korea, Malaysia, Philippine, Vietnam have also made provision for protection of members' rights and maintenance of accountability and transparency of management.

Nepalese Cooperative Law is the only Cooperative Law that makes no provision regarding members rights' and interests of other stake holders, transparency in decision making process, accountability of the Board of Management to members and other stake holders. There is only a provision about timely election of the Board. However, bye-laws of cooperatives may make provisions for protecting and safe guarding members' rights and interest.

Cooperative Law and the Professionalisation of Cooperative Management:

With the growth and diversification of cooperative movement and impact of liberalisation of economy prompting cooperatives to compete in the market, importance of professionalization of management has been recognised in most of the countries. Important steps in this direction is provision in cooperative law for clear demarcation of duties, responsibility and functions between professional management and elected management. Besides, provisions have also been made to make it incumbent on the elected Board to formulate well defined personnel management policies of cooperatives. Provision regarding demarcation is an important step for defining authority relationship between elected management and professional management and thereby avoiding any conflict for ensuring overall efficiency of cooperative organisation.

Corporate Social Responsibility and Cooperative Law:

The concept of corporate social responsibility has come into sharp focus for bringing about perceptual change in the mind set of corporates to run their enterprise and business not only for ensuring good profits but also for the benefit of the society as a whole. In many countries steps have been taken to the amend of corporate laws to influence the attitude of the entrepreneurs. For example, very recently in India, it has been proposed to amend Companies Act to make it obligatory on the part of Corporates to set a part at least 2% of their profits for the activities relating to Corporate Social Responsibility.

In cooperatives, one of the principles to be followed is "concern for community" which stipulates that cooperatives, apart from serving and benefitting their members, would also

pay greater attention to the welfare of the community as a whole in which they function. Thus, ideologically cooperatives are wedded to social responsibility. However, in legal terms, the concept has not been defined in cooperative law. Provisions relating to distribution of profit by cooperative make provision for setting a part certain percentage of their profits for cooperative education purpose but it is not based on larger community interest..

VII. Cooperative Law and Empowerment of Women and Youth:

Women and youth constitute majority of population in most of the countries of Asia and Pacific and cooperatives do emphasise the importance of this section of population for their growth and development. But there are very few countries where empowerment of women and youth has been integrated in the working and operations of cooperative societies. Japan is the only country where at the level of multi purpose cooperative society exclusive wings of women and youth are created within the management frame work of cooperatives.

In most of the countries, cooperatives being member centric institution, assume that it is necessary for women and youth to come forward to join the membership of cooperatives to get the benefit of the cooperative services and participation in the management. There are also women only cooperatives which are working well. But the extent of empowerment of women and youth through cooperatives is very limited practically in all the countries.

There are three dimensions of empowerment of women and youth-Social empowerment which has been constrained by the traditional and conservative values ingrained in the society for centuries. This will call for implementation of social legislation which is women and youth centric. Such laws have been enacted in most of the countries of the regions. Similarly, for political empowerment to enable the women and youth to participate in the decision making process in the governance of the country, laws have been enacted. These laws have had visible positive impact on the social and political empowerment of the women. However, progress is slow in view of the size of the population of this section of the society.

Economic empowerment is very important for women and youth. Many of the experts believe that if economic empowerment proceeds first, social and political empowerment would follow. But there are also ample examples when social and political empowerment has given impetus to economic empowerment. What is important is implementation of an integrated strategy having blending of all three dimensions of empowerment.

So far as cooperative legislation is concerned, there is no specific provision in cooperative law to encourage participation of women and youth in cooperatives or to establish a suitable frame work of good governance to inspire women and youth to join cooperatives. Although the cooperative governance signifies absence of any gender discrimination, yet in actual practice, it does not happen. In some countries, the law relating to property/inheritance acts as constraint for women to join cooperatives apart from the attitudinal factors prevalent in the society. Notwithstanding that the bye-laws of cooperative organisations in some of the countries make provision for cooption of a few

women directors on their Board of Management, it is virtually useless in the context of empowerment. What is, therefore, required is that the law should make clear provision that cooperative society shall have a joint membership for entitling both wife and husband to participate in the activities of the society through a process of deputation. Similarly, the practice of admitting one person from one family preferably the head of family in the membership of cooperative society also needs modification.

The law should also make a clear provision for making it obligatory on the Promoters of Cooperative Society to submit an action plan for youth and women activities along with the application for registration of a cooperative society other than women only cooperatives. There is also need to amend cooperative law by defining purposes of education fund and making it obligatory for cooperatives to set a part certain percentage of their profits for implementing the schemes relating to empowerment of women and youth in the area of operation of concerned cooperatives.

Limitation of Cooperative Law in Ensuring Good Governance:

Mere law cannot be an effective tool for ensuring good corporate governance of cooperatives for empowering women and youth. What is required is change in the mind set of those who are at the helm of affairs in cooperatives i.e. leaders, managers and members, besides the policy makers in the Government responsible for formulation of cooperative law and its execution.

It is also necessary that an effective monitoring system for reviewing the women and youth empowerment activities of cooperatives may be prescribed by the law to review periodically progress and to suggest measures to remove constraints in the process.

The following quotation from Narayan Murty Committee on Corporate Governance is very apt to define the role of legislation including cooperative law, "Corporate Governance is beyond realm of law. It stems from culture and mind set of management and cannot be regulated by legislation alone. Corporate Governance deals with conducting the affairs of company such that there is fairness to all stake holders and its action benefits greatest number of stake holders. It is all about openness, integrity and accountability. What legislation can and should do, is about to lay down common frame work – the "form" to ensure standards".

Legislations and Co-operative Action in the New Millenium: A Comparison of the Companies (Amendment) Act 2002 and Orissa Self-Help Cooperatives Act, 2001, India

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Abstract

One of the biggest fallouts of India's post liberalization growth is the marginalization of a large section of people, often the poorest and the weakest. In this connection there is a renewed interest in reviving and promoting member- controlled and member sensitive co-operative businesses in the Indian context. Several legislations and regulatory frameworks have been enacted and amended over the last decade with a view to create a supportive environment for co-operative action. The present paper seeks to compare and contrast two of the most significant Indian legislations in this regard viz. The Producer Company Act, 2002 and the Orissa Self- Help Cooperatives Act 2001. Both acts are examined from a people's perspective and the implications for the future nature of co-operative action are drawn out.

1.0 Co-operative Legislation in India: Post 1990

The history of co-operatives in India is more than a hundred years old. Starting with credit co-operatives in the early years of the last century, the co-operative movement has expanded to include co-operatives in all major sectors of the economy. However, the problems and challenges resulting from years of control by Government, growing out of initial support and partnership by the state as well as arising out of consequences of globalization and opening up of the economy were very evident at the eve of the new millennium. One of the key challenges was to design a appropriate and unified policy and legislative framework with a view to ensure the democratic, autonomous and professional functioning of co-operatives.

While several such attempts have been made, this paper restricts itself to a significant few in last two decades. The Model Co-operatives Act designed by the Expert Committee chaired by Choudhary Brahm Perkash in 1990 can definitely be regarded as a milestone in this regard.

Co-operation is a State subject in India subject to state specific laws and policies. Given the difficulties in amending the State Co-operative Acts on the lines of the Model Co-operatives Act, a section of corporators and civil society created Parallel Cooperative Legislations for self-reliant co-operatives.

Self reliant cooperatives are generally defined as those which have not received any assistance from the Government in the form of equity contribution, loans and guarantees. Largely based on the recommendations of the Choudhary Brahm Perkash Committee these Acts were enacted in nine states including Andhra Pradesh (1995), Madhya Pradesh (1999), Bihar (1996), J&K (1999), Orissa (2001), Karnataka (1997), Jharkhand (1996)), Chhattisgarh (1999) and Uttaranchal (2003).

The Multi-State Cooperative Societies (MSCS) Act, enacted in 1984, was modified in 2002, in keeping with the spirit of the Model Cooperatives Act. Unlike the State Laws, which remained as a parallel legislation to co-exist with the earlier laws, the MSCS Act, 2002 replaced the earlier Act of 1984.

Government of India also enunciated a National Cooperative Policy in 2002 for facilitating all round development of cooperatives in the country. Based on the recommendations made at a Conference of State Ministers for Cooperation, the Government of India in 2002 constituted a Ministerial Task Force which recommended that a single law instead of parallel laws should be introduced in the States.

At the same time, there was mounting pressure on various governments, state and central, to bring about changes in cooperative law given the government's support to liberalization and privatization. Rising criticism due to marginalization of a large section of people as a result of the new economic order added to this pressure. It thus became essential to provide cooperatives a legislative framework that would put them at the same level as the private sector.

A Committee under the chairmanship of Dr. Y.K. Alagh recommended the amendment of the Companies Act, 1956. On the basis of the recommendations of the Committee, the Producer Companies Bill was introduced in the Parliament and became law on 6th February, 2003 as Part IXA - Producer Companies in the Companies Act, 1956. Based on the co-operative principles of mutual assistance, it provides an alternative to the institutional form that is presently available to co-operative enterprises.

In view of their contemporary significance this paper provides a detailed comparative analysis of Part IXA - Producer Companies in the Companies Act, 1956 and the Orissa Self-Help Cooperatives Act 2001, a Parallel Cooperative Legislation applicable to Orissa only.

The paper begins with a brief elaboration of the meaning and objectives of the two organizational forms followed by a discussion of their key differences. The paper ends by identifying their implications on the performance of co-operatives and flags issues for future research.

2.0 Self-Help Co-operative: Meaning, Objectives and Promotion

Inspired by the Self Reliant Cooperatives Act drafted by the Cooperative Development Foundation, the Orissa Self Help Cooperatives Act 2001 is a Parallel Co-operative Legislation that was created by expert jurists, law makers, civil servants and co-operators. It is applicable to co-operatives within the state of Orissa and exists alongside the Multi-State Cooperative Societies Act 2002.



Prof. Nandini Sen, Dr. L.K. Vaswani and Ms. Veena Nabar hearing a presentation

Around 1600 co-operatives are registered under this act in Orissa and are promoted by individuals or the government (WASSAN, 2008). Many of them, especially NTFP co-operatives are federation of SHG groups which have been converted to co-operatives.

Universally a co-operative is defined as an autonomous, economic, voluntary association of user members united to meet their common economic, social, cultural needs by running a jointly owned and democratically controlled enterprise. By definition the aim of co-operatives is very broad. It is a service oriented organization where every member commits effort, time and resources for the betterment of the group. By definition therefore co-operatives are be of various types like credit co-operatives, producer co-operatives, marketing cooperatives, housing cooperatives and so on.

The principle objective of the Orissa Self Help Cooperatives Act 2001 to provide for the formation of co-operatives and conversion of existing co-operative societies under the old Act into autonomous, democratic, member owned and managed businesses under the new Act. Although the act covers various kinds of co-operatives, this paper limits itself to Producer Cooperative Societies only.

3.0 Producer Company: Meaning Objectives and Promotion

Incorporation of Part IXA (section 581A to 581ZT) (relating to Producer Companies) into the Companies Act, 1956 was intended to offer a favourable statutory and regulatory framework to producer-owned enterprises particularly in agriculture, agri allied and handloom- handicraft sector to compete with other private enterprises. It also provided

an opportunity to the existing large multi-state cooperative institutions and societies, to voluntarily convert themselves into the new form of producer companies.

A Producer Company is an autonomous, voluntary economic entity, primarily for promoting the interests of producers¹ mainly the in agriculture, agri allied and handloom-handicraft sector. Aims and activities of Producer Company (PC) are well defined and include production, harvesting, processing, procurement, grading, pooling, handling, marketing, selling, export of primary produce² of the Members or import of goods or services for their benefit. Rendering technical services, capacity building inputs and R&D services to its members, promotion of member interests and welfare measures for members are its other objectives. Interestingly under this Act a PC can be involved in generation, transmission and distribution of power as well as conservation, use and revitalization of land and water resources and, communications relatable to primary produce.

So far in the Indian context most producer companies have been promoted by NGOs like Rangasutra, PRADAN, ASA and others. Govt. of Madhya Pradesh has also established PCs under MPDPIP project. Amongst others, private sector initiatives in this regard include the Vanilla Producers Company in Kerala.

4.0 Differences between a Self-Help Producer Co-operative³ and a Producer Company

This section elaborates on the differences between the two organizational forms See table 1.

4.1 Incorporation and Registration

Cooperatives under this act can be registered by individuals or co-operatives. Any ten individuals from different families with a common interest or two or more Co-operatives can together register a co-operative.

In a Producer Company, only persons engaged in an activity connected with, or related to, primary produce can participate in the ownership. Any of the following combination of producers can incorporate a producer company: ten or more producers (individuals); or two or more producer institutions; or combination of the above two (10+2).

4.2 Membership

In a co-operative, membership is voluntary and open to individuals and co-operatives which have a common need and are willing to take up the responsibilities of membership. Membership in a PC is restricted to primary producers or producer institutions who are

¹ A producer refers to any person engaged in any activity connected with or relatable to any primary produce.

² Primary produce refers to produce of farmers from agriculture and allied activities, produce of persons engaged in handloom, handicraft and other cottage industries, by products of such activities or activities resulting in value addition of the above products.

³ Federation of SHG groups engaged in production, value addition or trading of agri- agri allied, forest based and handloom-handicraft sector registered under the Orissa Self- Help Cooperatives Act 2001 would be considered as producer cooperatives. Other forms would also include Farmer's Co-operatives, Farmers' service co-operative and Large sized adivasi multi-purpose Cooperative Society (as per 2008 Amendment).

Table - 1
Comparison of Producer Company and Producer Co-operatives
along selected Parameters

Factors of Comparison	Producer Company	Producer Co-operative
Legal Status	Central Act- Part IX A Companies Act, 1956	Parallel Cooperative Legislation applicable to state of Orissa
Objects and Activities	An autonomous and voluntary association of primary producers for sale, processing and other means of value addition of primary produce	A self-reliant, autonomous, voluntary, democratic business enterprise owned managed and controlled by members for their social and economic betterment
Promoters	NGO, corporate, individuals,	Members themselves, govt.
Incorporation and Registration	10 or more Primary Producers, 2 or more Producer Institutions, Combination of Producers and Producer Institutions	10 or more individuals, 2 or more cooperatives, SHGs (2008 amendment)
Membership	Restricted to primary producers or producer institutions	Individuals with common need or co-operatives
Voting Rights	One member One Vote in case of Individual Producers/Individual Producers and Producer Institutions; Vote According to Patronage in case of Producer institutions	One Member One vote. Only active Members vote
Share Capital	Equal but patronage differs, no limits; Transferable with Board permission	Equal, Limits specified from Rs 200-5000
Member Benefits	Limited return on shares, concept of withheld price, bonus shares, patronage bonus.	Equal on basis of pre- decided terms, profit sharing / creation of common services. Member Education and Training compulsory
Liability	Limited Liability	Liability may be unlimited or limited
Board	Elected 5-15 member Board, scope for 1/5 Expert Members	Elected Board from amongst voting members, minimum 3
Board/General Body Relationship	Board takes Decisions, GB approves	GB takes decisions, Board acts on behalf of GB
Operational Management	Chief Executive and Professional staff	Board, appointment of Chief Executive/ staff as per requirement
Sources of finance	Equity, bank, approved securities, fixed deposits, units/bonds of Govt, co-operative or scheduled banks, share in other PC (upto 30% of paid up capital and free reserves)	Equity capital, deposits and loans from Members, Guarantees from non-members, Banks, NBFCs; No govt funds allowed
Reserves	Compulsory every year	Optional, in case of Profits
Financial Audit	Internal audit control	External audit, may design internal control system (2008, Amendment)
Tax Benefits	Unclear	Exemption from stamp duty, fee for document registration, tax on agri income, sale or purchase of goods, tax on profession, trade, calling or employment, exemption from compulsory registration of instruments
Dispute Resolution	Arbitration and Conciliation Act 1996, Appeals to Company Law Board	Arbitral Tribunal from amongst members, appeals to GM
Penalties	Stringent penalties for contravention of act	Exist but not stringent

Factors of Comparison	Producer Company	Producer Co-operative
State Control	Minimal	Significant- registration, audit, dissolution of cooperative
Relationship with Non Members	Not specified	Upto 25% of core services to non-members after 2 years of operation
Relationship with other corporates/ business houses /NGOs	Producers and corporate entity can together float a PC- members of same PC	Contractual or transaction based relations with both
Conversion, Amalgamation, Division	Of Inter- State Cooperatives, producer cooperative, federation of producer cooperatives permitted; Reconversion into Inter- State Cooperative Society allowed	Of cooperative society under old act, SHG groups permitted

involved in production, processing or trading of primary produce, mainly from agriculture and allied activities.

4.3 Stakes of Members

This section includes a comparison of factors like voting rights, share capital norms, benefits and liabilities of members in the two institutional forms.

4.3.1 Voting Rights and Share Capital

Self- help co-operatives operate on the egalitarian principle of One Member One Vote and equal share capital regardless of whether members are individual or institutions. Member shares cannot be traded or transferred. Under the present act voting right is restricted to only those members who make membership payments and continue to contribute actively to the co-operative as per articles of association during the year. Further, it is the Chief Executive's responsibility to prepare and display the list of members eligible and not eligible to vote in each co-operative before elections take place. (Ch III article 24 (2)).

Ownership and membership of such Producer Companies is restricted to Producers and 'Producer Institutions only. When membership consists of individual producers or a combination of producers and producer institutions then voting rights are based on the principle of a One Member One Vote. However, when producer institutions combine to form a PC then voting rights are decided on the basis of their shareholding and patronage. Share capital of a Producer Company consists of equity shares only. Member equity cannot be publicly trade, but they can be transferred at par value with the approval of the board of directors of the Producer Company

4.3.2 Member Benefits and Liability

Self- Help co-operatives are member centric, service oriented and seek to promote the development of all their members. For example under the co-operative act it is mandatory to include an annual budgetary provision for expenses on education and training of members, potential members, staff and Board members. Any unspent amount under this head can be transferred to a Cooperative Education Fund at the end of the year to be used for the same purpose and target group. Another benefit is the creation of common services (business related and welfare oriented) for members out of the profits.

The Act clearly seeks to provide services to its members (Chapter III, article 23). As a result provision of core services to non- members have been restricted to 25% and can be provided only at the end of two years of operation. Any cooperative which violates this norm will be treated as an aberrant cooperative and lose its exemptions for the year. Cooperatives which are found to be aberrant for a continuous period of three years shall lose their co-operative status. Liability of co-operative members may be limited or unlimited as determined by the Articles of Association of the specific cooperative and not defined by the Act.

Unlike co-operatives, in a Producer Company benefits accrue to members according to the business transacted. Initially members receive only such value for the produce or products pooled and supplied as is determined by the directors. There is a provision of “withheld price⁴” as determined by the future prices of the goods which is disbursed later either in cash or in kind or by allotment of equity shares. Members are also eligible to receive bonus shares and patronage bonuses (akin to dividend) after the annual accounts are approved. Patronage bonus refers to payment out of surplus income to members in proportion to their respective patronage (not shareholding). Provision of common services for PC members is an option not a compulsion. Unlike cooperatives, liability of producer company members is limited by shares.

5.0 Overall Management

5.1 Structure and Functions

Co-operatives are essentially two tiered structures with a General Body of all members and a representative Board of Directors. Under the present Act they also have the option of creating a third tier called “representative general body”. This provision has been included with the aim of improving decision making given the size and spread of some co-operatives. Although a Chief Executive is mentioned in the act, the responsibilities and powers of such a functionary are not defined. Thus, it seems that this may be an option exercised at the discretion of the co-operative.

There are three major players of the Producer Company – Members, Board of Directors and Office Bearers. Producer Company is a membership based body and it can act only through its members. Management is by elected Board of Directors and may act collectively only in meetings. Producer Companies have the option of including non- voting Expert Directors in the Board. Constitution of any number of committees for assisting it in discharging its functions efficiently is also permitted. It is mandatory for a PC to appoint a full time CEO for overall organizational management. Paid office bearers may also be appointed as per need. Appointment of full time Secretary of Producer Company is restricted only to PCs with an average annual turnover exceeding Rs 5 crores in three consecutive financial years. Only persons with membership of Institute of Company Secretaries of India are eligible for this post.

5.2 Board of Directors

Both organizational forms have an elected Board of Directors. However, they are designed

⁴ Withheld price refers to part of the price due and payable for goods supplied by any Member to the Producer Company and withheld by the company for payment at a later date.

and function differently. A Co-operative Board has a minimum size of three members while no maximum size has been prescribed. The size of a Producer Company Board is restricted to 5-15 members.

It is mandatory for each Co-operative Board to have a President and Vice President. Only members who have a right to vote in the cooperative and have patronized its services during the previous financial year are eligible to become Board members.

In addition to directly elected members, the PC Board can induct Expert or Additional Directors up to one fifth size of the existing Board. Expert Directors are brought in for their technical expertise or domain knowledge and do not enjoy voting rights like other Directors.

5.3 Relationship between Board and Members

A Co-operative Board acts as the representative of the General Body and, is ultimately responsible and accountable to it for its decisions. As such the General Body of a cooperative is supreme and wields much power (Chapter III, article 23 (3)). It is the final authority with regard to entry and termination of membership, election/ termination of Board of Directors, amending the Articles of Association, amalgamation or dissolution of the co-operative etc.

However, a PC Board is more autonomous and exercises all powers that the company is authorized to do. This is very clear from the 581R(3) quoted below: "All the powers specified in sub section (1) and (2) shall be exercised by the Board, by means of resolution passed at its meeting on behalf of the Producer Company."

There is no concept of General Body in a Producer Company. There are only General Meetings in which members' presence is required. Election of representative Board of Directors is the only collective function of members. The Annual General Meeting is called at the behest of the Board where members are collectively informed about the operations, financial position, profit and loss, reserves, share capital, patronage bonus etc. Only $\frac{1}{4}$ of the total number of members forms quorum unlike a co-operative where at least 50% of the members eligible for voting are present.

5.4 Chief Executive

Cooperative Boards have the option of choosing office bearers as per their need. They may or may not appoint a Chief Executive and a representative general body as per their need. Producer Companies are much more professional in this sense. Day to day management and PC performance is in the hands of a mandatory full-time professional Chief Executive and his / her team of professional staff. Chief Executive operates under the overall direction and control of the Board. Appointment and removal of the Chief Executive is the sole prerogative of the Board (581W (6)).

6.0 Financial Management

This section covers a comparison between the sources of finance, reserves, financial audit and exemptions covered under the two legislations. A significant point in this regard is

that unlike cooperatives, all financial powers of a producer company have been delegated to the CEO.

6.1 Sources of Finance

Under the new law a co-operative has significant freedom in raising funds. Internally it can raise funds through equity capital, deposits or loans from its members. The second source is external such as guarantees from non-members, banks, financial or non-financial institutions on mutually agreed terms as per articles of association. However, by definition it cannot raise funds via the government.

It is also allowed the freedom of deploying surplus made according to the cooperative's articles of association, invest as per sub-section (5) of section 11 of Income Tax Act 1961, create a corpus, provide better common services to members, cover deficits, provide dividend to members or incentives to employees or otherwise deploy surplus as it deems fit. There are no limits to the investment made.

Fund raising options for producer companies is similar to private companies. They are allowed to mobilize equity, bank approved securities, fixed deposits, units/bonds of Govt, co-operative or scheduled banks as well as invest in share capital in other PC. Investments in shares can be in the form of acquisition of shares of other PCs, subscription to share capital of other companies or by means of joint ventures. Compulsory reserves constitute another significant source of capital for these institutions.

6.2 Reserves

Creation of reserves is optional for co-operatives. Reserves may be created only in case of profits. However, reserve creation for PC is mandatory and regardless of profits made or financial position of the company. In a year that the Producer Company does not have sufficient funds to maintain reserves- the Act specifies that the burden be shared amongst members in proportion to their patronage in the business of the company that year.

Investment of reserves is a significant source of finance for a PC. The goal of investing general reserves is clearly to secure the highest returns available. In general, the total amount of all such investments is limited to 30% of PC's paid up capital and free reserves. Exception is made only if due permission is taken from the Central Government and a special resolution to this effect is passed by the general body. All such excessive investments need to be consistent with the objectives of the PC.

6.3 Audit

Maintaining books of accounts is mandatory for both co-operatives and PCs. However, cooperatives essentially depend on an external audit. Appointment of an auditor is the prerogative of the individual cooperative and can be a certified chartered accountant or a government cooperative auditor. Appointment of a government co-operative auditor by Registrar of Cooperatives on request and on payment of fee is also permitted. Following the 2008 amendment, co-operatives were given the option of designing and implementing an internal system of audit in addition to the existing external audit system.

Internal Audit by a certified CA is mandatory in a producer company. It must also maintain books of accounts receipt and expenditure, balance sheet, statement of asset-liability. It



Dr. K. Elumalai of IGNOU, Delhi raising a point. Dr. T. Paranjothi and Prof. Nandini Sen are also seen in the picture

shall file these, annual returns and compliance report as applicable and in the prescribed format under Companies Act 1956.

6.4 Tax Exemptions

Cooperatives have a greater advantage in this matter as a series of exemptions are applicable to them and promoted by the government. These may include (as per state laws) exemption from stamp duty, fee for document registration, tax on agri income, sale or purchase of goods, tax on profession, trade, calling or employment, exemption from compulsory registration of instruments. Status of these exemptions as far as Producer Companies are concerned is unclear and not mentioned in the act.

7.0 Dispute Resolution

Cooperatives are expected to resolve their disputes internally through an Arbitral Tribunal consisting of a maximum of 5 members who are constituted from amongst members themselves for a fixed tenure of 5 years. Decisions of the Arbitral Tribunal are final and are to be executed by the Chief Executive of the Cooperative. Producer Companies are governed by the Arbitration and Conciliation Act 1996 (26 of 1996) in matters of dispute redressal.

Disputes covered in case of cooperatives include the following:

- A claim for any debt or amount due
- A claim surety against the principal debtor
- A claim by or against a cooperative, member, past member, nomine , heir or legal representative of deceased member relating to delivery of possession of land or immovable property

- Any issue affecting the constitution, management, business of the co-operative

In addition to the above disputes Producer Companies also consider the following issues:

- Claim by PC against member for failure to supply produce as committed earlier or
- A claim by member against PC for not taking goods supplied by him

7.1 Penalties

While offenses have been defined and penalties incorporated in both cases, punishment is much more stringent and immediate in case of a Producer Company. In case of co-operatives however, the process of enquiry and punishment tend to take time and are of lesser severity.

8.0 External Linkages

This section examines the two organizational forms in terms of the kinds of relationships they have vis a vis the state, civil society organizations, corporates and amongst cooperatives themselves.

8.1 State Control

Self-Help co-operatives are registered and operate under the control of Department of Co-operation at the state level. They are therefore subject to state level laws which differ across the different states of India. Unlike other states in Orissa the Department of Co-operation is an autonomous department, separate from Dept. of Agriculture.

Though reduced (in comparison to old act), the Registrar of Co-operative Societies continued to wield considerable power viz a viz a co-operative. The Registrar is responsible for registration of the cooperative, co-operative elections, filing of returns, dispute resolution and liquidation of a co-operative. As cooperatives continue to have the option of having a Registrar appointed auditor - interference from the government machinery in cooperative functioning remains a distinct possibility.

State control is minimal in case of Producer Companies. This is because the Companies Act is a Central Act which is applicable across the country. The Registrar of Companies exercises minimal control over producer companies as most of the process of registration, filing of returns are transparent, online and as per pre-decided. Although returns are filed with the registrar, they are as per various other Acts including Income Tax Act, 1961.

8.2 Linkages with Corporate/ Business Houses and NGOs

Cooperatives are permitted to have contractual and transaction based relationships with corporate and NGOs. However, producers and corporate can together float a Producer Company and become members of a Company, thus becoming an inherent part of the PC. Initiators of PC in the past in the Indian context have included NGOs, (PRADAN, Rangasutra) government in partnership with NGO (ASA), corporate houses (ACC cement) and groups of interested individuals (Vanilla Producers Company)

8.3 Conversion, Amalgamation, Division

Orissa Self Help Cooperatives Act, 2001 permits the conversion of existing co-operative societies registered under old act to convert into Self-Help Cooperatives. Similarly

federation of SHG groups, Multipurpose Cooperatives, Farmers Service Cooperatives Large Scale Tribal Cooperatives can also re-register themselves under the 2008 Amendment to this Act. All cooperatives under this act are permitted to divide or combine as per their need. A fairly simple procedure of taking a resolution of 2/3 members present and voting has been incorporated for this purpose.

Producer Companies mainly permit conversion of Inter-State Co-operatives into producer cooperatives and reconversion into Inter-State Cooperative Societies to facilitate operation and management. Federation of producer co-operative can also join together to form a new PC. Large PCs have the prerogative of dividing into smaller units as required. They also have the flexibility for taking up joint ventures with other producer companies or contributing to them in terms of share capital..

9.0 Implications for Cooperative Performance

From the above discussion it is amply clear that both co-operatives and producer companies offer a unique set of opportunities and constraints. Both legislations are progressive and have arisen in an attempt to reorient co-operatives in a liberalized socio-economic context and correct existing deficiencies. It is therefore imperative to examine ramifications of these legislations on the performance of co-operatives. It needs to be pointed out that given the absence of extensive empirical work on the subject, case studies, discussions with practitioners and documented emerging experiences (where available) have been used to frame this section.

9.1 Democratic Member Control

Unlike the 1962 Cooperative legislation, the Self Help Co-operative legislation has attempted to reduce state control on one hand and enhance member control and member centeredness on the other, in keeping with the egalitarian cooperative principles. To ensure this, powers of the Registrar have been clipped, there is enhanced recognition and control by active members, the right to frame bye laws and benefit sharing has been restricted to members themselves. It is notable that less than 10 cooperatives were registered under the 1962 act vis a vis more than 1200 cooperatives that were registered under the new Act between 2001 and 2010 in Orissa. In a way this can be viewed as an indirect indication of people realizing benefits under the new Act (WASSAN, 2011). By permitting registration of WSHGs this law can also be credited with bringing women (so far neglected) into the co-operative movement in a large and formal way (WCD Orissa, 2008).

Though Producer Companies are democratic in form as members elect their own Board – more often members function as fee paying clientele demanding certain professional services through this association. In other words there is a transition from “member” to a “producer” in this organizational form. However for PCs to become truly democratic they need to become membership driven. This in turn requires a transition from 'producers' to 'owners'. Seen in the context of small and marginal farmers and, poor artisans this is likely to be a long drawn process requiring long term engagement (Kumar A. , 2003) .

Another critical question with regard to member control is 'which members, whose control' ?Although members have equal voting rights in theory, in practice the person with

higher patronage and transactions have a higher influence over the PC (ibid, 2003). Unless membership is monitored, stronger governance exercised and effort is made to include producers with similar socio- economic background there is a real danger of poorer members with less patronage becoming marginalised in this process.

9.2 Professional Management

Self- Help Co-operative legislation does not enforce a professional management but does not prevent it either. Stress is laid on developing leadership from within- to represent collective interests of the group. A member centric approach, and the exercise in mutuality is necessary and especially helpful for marginalized communities (mobilized through this process) to evolve into active members. However the lack of professional management does create obstacles especially in terms of business planning and enterprise management which, in many cases has prompted organizations to go for the producer company format. (PRADAN, Rangasutra)

A Producer Company delegates all management responsibilities to the full time professional Chief Executive (CE) and his team. In turn, the CE and his team work under the overall policy guidance of a professional Board. Thus, there exists a greater scope for a professional core team to infuse greater mobilization ability and enterprise management abilities into a Producer Company in comparison to the self- help cooperative (BRLPS Team, 2011, personal communication).

Downside of the matter is that professional management externalizes the locus of control. It is more powerful than the members, has extensive influence over its members, takes key decisions on their behalf but more importantly, has no stake in the organization. (Kumar A. 2003) Definitely more research will be required to say whether these institutions translate into incubators for profit making or into truly member driven economic enterprises in the future

9.3 Economic Dynamism

In comparison to self- help cooperatives several initiatives have been made to make Producer Companies dynamic institutions. First of all, the definition itself clarifies that PC is a purely membership based business organization for furthering primary producers' economic interest.

Secondly, given that many cooperatives falter when members' differential potential is not realized, PC members returns are determined by patronage and patronage bonus. This allows for individual growth and competition within a collective framework. Interestingly, several cooperatives have also adopted a similar mechanism within the cooperative framework.

Thirdly, Producer Company format clearly segregates the management of an economic activity from its operations. For example in a farmer PC , the Chief Executive and management sets the overall targets, makes a strategic plan, provides technical support, arranges inputs, finance, marketing, manages risk while member farmers are left to the job of actual cultivation. This segregation and role specialization is clearly intended to enhance overall economic efficiency of the organization (DKV, 2007, FAO, 2011).

Fourthly, reserves are created every year and invested to secure highest returns in a PC. Thus the business interest and profit orientation of the producer company is very similar to that of a private company (PRADAN Workshop, 2007).

This has resulted in a clear tradeoff between economic dynamism and cooperative principles in a PC. It has also led to a debate that PCs are not a new form of co-operatives, rather they are a new variety of companies (Alagh Y. K., 2007). This begs the argument that a separate legislation is not required if PC is only a company. Indeed it is the underlying communitarian principles in a PC which render this organizational form unique. However, whether marrying cooperative principles with corporate efficiency in the long run requires a rigorous empirical analysis.

9.4 Organisational Structure and Flexibility

In a developing economy context, markets are unorganized and there exists an institutional vacuum between poor producers and the market. Herein, creation of graduating modular structures of economic participation is necessary for promoting the influence of lesser endowed producers in a consistent manner.

Both co-operatives and producer companies have space for federated structures. Both recognize that many of these organizational forms will/ need to be transitional in nature⁵ and allow for conversion from one form to another (for example inter- state cooperative to producer company and back, SHG federation to co-operative) etc .

While co-operatives provide a flexible, versatile structure that can accommodate members changing needs and scale of operation at village, panchayat, block, district and higher levels. PC is a second tier market institution suited for large producer groups and therefore is more complex in form and management. So far producer companies in India have been created for at least 1000 or more producers (MPDPIP, MASUTA, BRLPS, DKV). Indeed what it has permitted is a combination of modular structures and multi- tier organizations to combine to service members needs. (Harsha Trust-Orissa, MASUTA-Jharkhand Rangasutra- Rajasthan)

How far these multi- tiered organizations are able to protect its members from the risks of volatile markets again, demands intensive investigation.

9.5 Autonomy and Independence

Stagnation of co-operatives due to gradual transition of state facilitation into draconian state control over time is a well known fact. Herein, parallel co-operative legislations have played a key role in attempting to restructure cooperatives to secure their autonomy from the state and increase member centric features in a major way – a fact appreciated by members themselves (WASSAN, 2011). Some of the most significant ways have been to stop state funding of cooperatives registered under Self- Help act and reduce Registrar control. Another means has been to restrict majority of transactions amongst members themselves.

⁵ As members build collectives and their collective needs grow, as more value chain actors get involved the organizations will need to change.

The previous analysis has shown that Producer Companies have been introduced primarily to circumvent Registrar control and secure financial independence. Greater autonomy is also apparently due to liberal Company Laws that are favourable towards private enterprise. Political interference has been counteracted to some extent by not permitting direct or indirect contributions to any political party.

While the legislation has identified and counteracted political and state intervention that have deterred cooperative functioning, in many cases, the key question that remains to be answered is the issue of autonomy vis a vis the 'promoter' of the PC. In trying to reduce external influence of by corporates and private capital via Producer Companies? The extra-constitutional space of the

Promoter vis a vis the members and management is yet another matter of concern and further study for both practitioners and researchers (Kumar A. 2003, personal communication).

9.6 Financial Viability

In a liberalized context both self- help cooperatives and producer companies face serious questions of financial viability. Unlike the co-operatives under the old law, there is lack of widespread awareness about the self- help co-operatives amongst all, especially bankers and government departments. While the state has been restricted from providing funds, new large scale funding is yet to take shape (WASSAN, 2011). As membership organizations of marginalized communities it is clear that they will continue to require some form of support and grant funding in future as well. How these co-operatives resolve



Prof. (Dr.) L.K. Vaswani explaining a point to the participants. P. Nair is also seen in the picture

their funding issues in future and what mechanisms are designed to facilitate them is a matter of future research.

Similarly, mechanisms for financing large scale organizations like producer companies have been the subject of much heated debate (Murray 2007, DKV,2007, Kumar A, 2003, PRADAN 2007). Although the Act allows various forms of financing and several options including tax exemptions, viability gap funding, start -up capital, loan financing etc are under discussion they are yet to take shape. Promotion and formation is costly and member funds are inadequate. At present most of them are donor funded, some have funding through NABARD. Unless this key issue is sorted out these institutions cannot be expected to make their mark as economic institutions.

Conclusion

In a liberalized context, state withdrawal, rising market opportunities and large scale livelihood promotion activity have opened up new opportunities for co-operative action under progressive legislations. While both Self- Help Cooperatives and Producer Companies offer unique opportunities and challenges, Producer Companies appear to offer more possibilities as futuristic economic entities that need closer examination. Empirical studies regarding the governance, operation and performance of producer companies along with greater research engagement with their promoting agencies is bound to be of great significance to the future policy and practice of cooperation.

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COOP LEGISLATION AS AN EFFECTIVE TOOL OF COOPERATIVE GOVERNANCE WITH SPECIAL REFERENCE TO EMPOWERMENT OF WOMEN & YOUTH

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EX DIRECTOR, ICA-AP, NEW DELHI

SUBJECT MATTER OF THE PAPER

- Concept of governance & its evolution
- Implications of good governance
- Effectiveness of cooperative law to ensure good governance of coops
- Concept of empowerment
- Effectiveness of cooperative law as a tool to ensure empowerment through Good Governance

EVOLUTION OF COOPERATIVE LEGISLATION

- **Two situations**
 - Countries where cooperative movement preceded law
 - Countries where development followed law
- Early coop laws : japan agricultural coop law 1900, coop laws of india of 1904, 1912
- Law in colonial period emphasised coops as an adjunct of Govt. Policies
- Post independence period : coops as an instrument of economic development adopted by govt.
- Coop laws to strengthen govt control

- Reformation of coop law : its need in the context of globalisation
- **Global prespective**
 - ICA coop identity statement 1995
 - ICA coop ministerial conferences
 - ILO recommendation 193
 - UN guidelines

EVOLUTION OF CONCEPT OF GOVERNANCE

(A) PRE GLOBALIZATION PHASE

- Marked by growth of capitalism with family owned enterprises (apex share holder control)
- Emergence of communism &
- Following second ww-emergence of state capitalism & mixed economy
- Strong govt command and control & stiff regulatory mechanisms

(B) POST GLOBALISATION PHASE

- Failure of many large business enterprises
- Scams
- Focus on corporate governance
- Definitions of corporate governance
- Cadbury committee of U.K.
- IFC definition
- OECD definition

EVOLUTION OF CONCEPT OF GOVERNANCE

THREE PILLARS OF GOVERNANCE

- Board of directors constituted by share holders
- Management appointed by board
- Employees who operationalises plans of management

IN INDIA THREE EXPERT COMMITTEES ON CORPORATE GOVERNANCE

- Kumar Mangalam Birla Committee
- Naresh Chandra Committee
- Narain murthy Committee

CORPORATE GOVERNANCE OF COOPERATIVES

EVOLUTIONARY TRENDS

- Honorary management
- State controlled/sponsored coops
- Member-centric & member controlled coops

IMPORTANT PARAMETERS

- Incorporation of coop values and principles in coop law
- Democratic management
- Member economic participation
- National constitution to provide basis of cooperative law
- Autonomy & independence; self regulation
- Collaborative relations with govt
- Transparency
- Well defined roles & responsibility of management organisations
- Corporate social responsibility

IMPLICATIONS OF ENPOWERMENT

- To give legal power
- To enable target group to acquire power & authority
- To promote self actualisation
- Power is accompanied by responsibility and exists in The context of relationships
- Coops are truly empowering organisation focusing self Management based on mutuality, equality & equity
- Coop aiming at empowerment of women & youth will serve dual objective of socio-economic development of society & harnessing prospective leadership sources

EFFECTIVENESS OF COOPERATIVE LEGISLATION AS A TOOL OF GOOD GOVERNANCE OF COOPS

- ABSENCE OF UNIVERSALLY ACCEPTED DEFINITION OF COOPERATIVE IN LAW CREATES DIFFICULTY FOR LAW COURTS TO CORRECTLY INTERPRET NATURE & CHARACTER OF COOP
- **COOPERATIVE LAW vis-à-vis COOP IDENTITY**
- ONLY INDIAN MULTISTATE COOP SOCIETIES ACT 2002 HAS INCLUDED ICA COOP IDENTITY STATEMENT
- MAJORITY IF COUNTRIES HAVE THEIR OWN ADAPTATION OF COOPERATIVE PRINCIPLES AND INTERPRETATION IN LAW
- **DEMOCRATIC MANAGEMENT AND CONTROL:**
- ABSENCE OF MECHANISM TO ENCOURAGE ENTRY OF CAPABLE & VALUE DRIVEN MEMBERS
- ELIGIBILITY CONDITIONS FOR PROSPECTIVE CANDIDATES MAY BE MADE MORE STRICT TO CURB ENTRY OF VESTED INTEREST

EFFECTIVENESS OF COOPERATIVE LEGISLATION AS A TOOL OF GOOD GOVERNANCE OF COOPS

- **ROLE OF THE GOVERNMENT**
- **COOP LAW OF MAJORITY OF THE COUNTRIES MAKE PROVISIONS FOR AREAS OF GOVT. SUPPORT**
- INDONESIA - CHAPTER 12
- INDIA - MULTISTATE COOPERATIVE SOCIETIES ACT 2000 (Section 61)
- IRAN - ARTICLE 18 & ARTICLE 65 FOR CREATING EXCLUSIVE MINISTRY FOR COOPS
- KOREA & JAPAN - GUARANTEE FOR BONDS ISSUED BY COOPS APART FROM POLICY SUPPORT
- SINGAPORE - SECTION 30 PARTICULARLY TO PROVIDE PROMOTIONAL ASSISTANCE
- VIETNAM - ARTICLE 3 (1) (a)

EFFECTIVENESS OF COOPERATIVE LEGISLATION AS A TOOL OF GOOD GOVERNANCE OF COOPS

- ONLY IRANIAN COOPERATIVE LAW PRESCRIBES FOR GOVT. SUPPORT WITHOUT INTERFERENCE IN THE MANAGEMENT OF COOPS
- **SELF REGULATION & AUTONOMY**
- IRAN (ART 7); JAPAN AGRICULTURAL COOP LAW (ART 28 & 29)
- KOREA (ART 1); INDIA (NO OUTSIDE CONTROL)
- VIETNAM (ART 30 – CONTROL COMMITTEE)
- MALAYSIA (INTERNAL AUDIT COMMITTEE)

EFFECTIVENESS OF COOPERATIVE LEGISLATION AS A TOOL OF GOOD GOVERNANCE OF COOPS

- PROTECTION OF MEMBERS' RIGHTS & TRANSPERANCY
- INDONESIA (Art 22 (ii) & CREATION OF COMMITTEE OF SUPERVISION; INDIA CHAPTER ON MEMBERS' RIGHTS & RESPONSIBILITY
- IRAN (Art.10); JAPAN (Art.33, 35 & 36)
- KOREA (Art.44 for CREATION OF EVALUATION COMMITTEE); MALAYSIA (Art.26 to 35); PHILIPPINES (Art.53), VIETNAM (Art.18)

EFFECTIVENESS OF COOPERATIVE LEGISLATION AS A TOOL OF GOOD GOVERNANCE OF COOPS

- PROFESSIONALISATION OF MANAGEMENT:-
- PROVISIONS EXISTS FOR DEMARCATION OF DUTIES & RESPONSIBILITY AMONG MANAGEMENT ORGANS & CODIFIED PERSONNEL POLICIES
- CORPORATE SOCIAL RESPONSIBILITY (CSR)
- COOP LAW DOES NOT DEFINE CSR

COOPERATIVE LAW & ENPOWERMENT OF WOMEN & YOUTH

- DIMENSIONS OF ENPOWERMENT
- SOCIAL
- POLITICAL
- ECONOMIC
- ABSENCE OF SPECIFIC PROVISIONS IN COOP LAW
- NEED FOR AMENDMENT

LIMITATIONS OF COOPERATIVE LAW

- MERE LAW CANNOT BE EFFECTIVE TOOL OF GOOD GOVERNANCE
- ATTITUDINAL CHANGE REQUIRED

Technical Session
THREE



Dr. Dinesh, Chief Executive of NCUI lighting the lamp

Role of Cooperatives in Peace Education – An Indian Perspective with Reference to Schools

✧ **Sanjay Kumar Verma, Jr** Editor/Nodal Officer,
COOP. CONNECT, NCUI & Research Officer, ICA-AP

Introducton

It is generally agreed that cooperatives have an important role to play as far as world peace is concerned. For world peace to materialize the schools which are the foundation of the education system can be effective torch-bearers. This paper argues that principles of cooperatives can promote peace in the schools in India. For this the paper suggests a model of peace education. This model can have wider applicability in other countries of the world.

Cooperatives and Peace – A Backgrounder

The ICA at its General Assembly held in Geneva on 20th November, 2009;

RECALLED that global peace is the shared goal of all mankind, but peace on earth is a goal as yet unachieved.

REAFFIRMED that understanding, trust, confidence and joint endeavour are fundamental to peaceful resolution of conflicts.

REMINDED that enduring peace can only be realistically achieved when conflict resolution is linked to sustainable human development, so that peace brings people a better life today and a greater hope for tomorrow.

EMPHASISED that cooperative thought is rooted in the search of a more peaceful world and cooperative values further that search.

REAFFIRMED that the cooperative model, through its emphasis on inclusion and democratic process, has proved to be an effective way in which tension can be reduced within communities, in nations and across regions,

CONSIDERED that cooperatives and cooperative organizations can effectively create and support people-to-people initiatives which are central to achieving peace.

REAFFIRMED its longstanding and ongoing commitment to the furtherance of peace everywhere in the world and its readiness to contribute actively to its achievement.

RECALLED that the International Cooperative Alliance has been committed to the advancement of peace since its birth in 1895

ENCOURAGED cooperatives around the world to further develop their peace-building activities and to make better known their work in promoting peace and social inclusion.

Thus we find that the ICA Resolution is quite comprehensive, and there is hardly any aspect of peace which has not been touched, nor linked to the functioning of cooperatives. The fact that the Resolution mentions that cooperative thought is rooted in the search for a more peaceful world and cooperatives further that search clearly indicates the power of cooperative values in promoting peace. This paper is built upon this aspect, and it goes deeper into the subject of school education in India to explore the aspect of peace.

At the Cooperatives and the Pursuit of Peace Conference held at Victoria, British Columbia [2006] in which 38 participants representing over 14 different countries met, one of the important recommendations was that the cooperatives should be more involved in peace education. As peace begins when peace values are instilled in the minds of the children, this paper takes into account the vital component of peace education.

Values of Cooperatives

The basic values of cooperatives are based on the values of self-help, self-responsibility, democracy, equity and solidarity. Cooperative members also believe in the ethical values of honesty, openness, social responsibility and caring for others.

PRINCIPLES OF COOPERATION;

The seven principles of Cooperation are;

- 1) Voluntary and Open Membership
- 2) Democratic Member Control



Mr. Sanjay Verma of NCUI, Delhi at the Seminar

- 3) Member Economic Participation
- 4) Autonomy and Independence
- 5) Education, Training and Information
- 6) Cooperation Among Cooperatives
- 7) Concern For Community

Cooperative Principles And Values Strengthen Peace;

An analysis of the cooperative principles and values from a peace perspective clearly shows that they strengthen peace. The voluntary, open and non-discriminatory nature of cooperatives promotes tolerance, which is a vital ingredient of peace. Democratic nature of cooperatives with active participation of members is the most harmonious way to create a conducive climate of peace. More particularly, the Seventh Principle 'Concern for Community' fosters strong bondage with the community in which cooperatives are embedded. The strong community ties which are fostered by the cooperatives build up a climate of peace. Similarly, the ethical values of an organization are important for creating peace. This assumes significance in the wake of declining moral standards in the society which leads to conflicts of all types. As the cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others, the ethical base of cooperatives appears to be inherently strong. This provides a distinct identity to the cooperatives as peace-building institutions. The principles of Cooperation enable cooperatives to collaborate to build a peace-based and fully democratic society.

Peace Education in Schools

While there is general importance given to value education in schools in India, the concept of peace education has yet to be popularized. At a conceptual level, 'peace education' is a far broader term than 'value education.' In peace education learning is a cooperative effort where students help each other to succeed. Peace education's focus is on conflict resolutions techniques, and skills to promote sense of harmony with oneself and social environment. The National Council for educational Research & Training in the country has designed a training course on Peace Education for school teachers to raise the consciousness about peace and to enhance their capabilities for peace building. The course content includes issues like concept and concerns of peace and peace education, self empowerment, conflict resolution, parenting for peace etc. NCERT also plans to extend this programme to SAARC countries.

A Cooperative Model for Peace Education in Schools

The primary objective of peace education is to help the child grow into a peaceful person so that he not only achieves his dreams, but is also able to contribute to the community. Viewed in this perspective, the key components of the cooperative model for peace education are as follows:

1. Communication Skills

The structure of a cooperative organization is such that the members learn to effectively communicate and work as a team of people towards a common goal. Ability to indulge in

sincere dialogue, understand each others perspective and work towards effective solutions are the essential elements of communications skills. At a time when developing the communication skills of school children is emphasized through various strategies a cooperative approach would be very beneficial in this regard.

2. Character Building

The ethical values of cooperatives can be very important in building up the character of the school children. These values must be propagated amongst the school children through various creative methodologies. The value of social responsibility and caring for others provides the school children an opportunity to be exposed to social realities and understand people's problems while working with them.

3. Democratic Participation

This particular component can be highlighted to make the children aware of the need to actively participate in the affairs of an organization. Active participation in a democratic institution like cooperative can minimize the potentialities of conflict. The attempt would be here to enhance the participatory skills of the children through a cooperative approach.

4. Self Empowerment

A cooperative organization enables a member to be self empowered so as to make optimal contribution to not only the organization, but also the immediate community. This includes developing skills to respect others and appreciate them honestly. All this leads to peace. So a cooperative approach in which the school children feel self empowered is very important for developing them as peaceful individuals. When self-empowerment comes, then it leads to community empowerment. When community is empowered then it builds up a strong foundation of peace.

5. Sustainable Development

The aptitude for peace amongst the school children can be developed if the stress and strain in their competitive daily routine can be channelized in a positive direction by creating genuine empathy for the environment around. The challenge here will be to develop a child friendly module based on interesting experiences of cooperatives in sustainable development in the country. When children are sensitised that a cooperative approach can lead to fruitful initiatives in sustainable development, then they can themselves involve themselves in such initiatives, which can minimize their chances of indulging in such activities which can lead to friction.

6. Leadership Development

If the children are sensitized to act as agents of change in their community by developing the skills and values of working in cooperatives, then their leadership qualities can be enhanced. They can thus develop their personality based on peaceful foundation so as to make a positive difference through their conduct and action. The leadership skills develop when a child feels that he has to change first, then the immediate environment can change. Based on this premise, inspiring examples of cooperative leadership can be incorporated in this element of Leadership Development.



Prof. Kulaskar, VC of Kalinga Institute of Rural Management presenting a memento to Mr. P. Nair

7. Building Trust

In today's era many of the problems in organizations are due to lack of trust, and ego at all levels. If the children are groomed with the values of cooperatives and are made aware of the importance of principles of Cooperation which encourage collective action, they can develop trust amongst themselves which can reduce the chances of their every day conflicts. They can also develop the quality of sharing which can enable them to work for common good.

The above few important elements for building a model of peace education through a cooperative approach can provide a new direction to peace education for the children in the schools. Successful case examples of the working of cooperatives in an interesting manner, or may be through a story telling methodology can be incorporated with these elements so as to make the model strong.

Strategic Advantages for Cooperatives

In a scenario when there is urgent need of some organizations or sectors to make substantial initiatives as far as peace education in the country is concerned, the cooperatives possess a strategic advantage because of their inherently strong value framework. It will be a big challenge for the cooperative sector to make effective forays in this arena by developing effective peace education modules. Besides, this can be an effective communication strategy for the cooperative sector to make its presence felt in the mainstream school education system of the country by appealing to the psyche of the children whose minds have to be nurtured with elements of peace. The peace education

modules for the schools must be formulated in such a manner that not only cooperative principles/values are given significance, but also the uniqueness of the cooperative structure for the school children comes into a sharper focus. The strengths which a cooperative organization possess can provide a distinct cooperative identity to peace education model for schools in the country.

National Cooperative Union of India's Initiatives

National Cooperative Union of India which is an apex organization of cooperative movement in the country has taken definite initiatives to popularize cooperative model of development amongst the school children. Besides organizing cooperative awareness events like Quiz, Debates etc for the school children, NCUI is also involved to educate the schools about the cooperative societies and empower students with the development of 21st Century skills. NCUI is also involved in serious efforts to ensure that the study of the cooperatives is given prominence in the school syllabus. So this may be the right time to make effective interventions so as to emerge as a pioneering institution in the direction of developing a comprehensive cooperative peace education module for the schools in the country. If the cooperative model of peace education for the schools is developed taking into account the Indian scenario then this can definitely inspire other countries of the Asia Pacific Region like Malaysia, Singapore, etc where the cooperative sector is strong in the field of school education to emulate this model.

Conclusion

Image building has been one of the biggest challenges of the cooperative sector in the recent times. Making effective interventions in the field of peace through schools can be one of the effective strategies for image building, and also an opportunity to propagate the cooperative principles and values within the broader framework of peace. Fostering cooperative identity through peace education model for the schools can be one of the effective ways to tackle negative perception of the people towards cooperatives.

models for the schools must be formulated in such a manner that they also accommodate the needs of the students. The school organization must be able to provide a structure for the school children to learn in a cooperative manner. The school organization must be able to provide a structure for the school children to learn in a cooperative manner.

Cooperative Learning in India's Schools

The concept of cooperative learning is not new. It has been used in various forms of group work, such as team teaching, groupware, and groupware. The concept of cooperative learning is not new. It has been used in various forms of group work, such as team teaching, groupware, and groupware. The concept of cooperative learning is not new. It has been used in various forms of group work, such as team teaching, groupware, and groupware.

Conclusion

It has been one of the biggest challenges of the 21st century to provide a quality education for all. The concept of cooperative learning is not new. It has been used in various forms of group work, such as team teaching, groupware, and groupware. The concept of cooperative learning is not new. It has been used in various forms of group work, such as team teaching, groupware, and groupware.

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Strategic Advantages for Cooperatives

In a scenario where there is a great need to meet the needs of the people, the concept of cooperative learning is not new. It has been used in various forms of group work, such as team teaching, groupware, and groupware. The concept of cooperative learning is not new. It has been used in various forms of group work, such as team teaching, groupware, and groupware.

Technical Session
FOUR

Gandhian philosophy tool towards glass ceiling women cooperatives in India

✧ Prof. Anusuya Swain, KIIT, Bhubaneswar

Introduction

Rapid changes and progress across worldwide range of Industries has taken place. Under the impact of rapidly changing business environment, the role of entrepreneurship extends beyond increasing per capita output and income. Especially after the adoption of new economic policy, entrepreneurship has assumed a more significant role in the economic development of India, But it make a question today that India will succeed or not because about to 505 of the total population are women nut about t 15% are working lady. Other 35% women are not working for the wealth creation. Analyzing this problem, it is found that women are ceiled with some glass ceiling activity which is the most important barrier against their entrepreneurship.

The buzzword, “glass ceiling refers to situations, where the advancement of a qualified person is stopped at a lower level because of some of discrimination. These glass ceiling situations are as-

Family responsibility and working challenges: Women are unable to dedicate more hours to work due to family responsibilities. Many women discover that family is more important than them as they climb than their employment or own achievement .

Negative Psychology towards women entrepreneurship: In this 21st century also women entrepreneurship is not accepted many people. Most of the people have their psychology that male people have to be a earner; he has to invest, to take the risk of investment and the women people only have to do the house hold activity. Some people also do not want to share their business activity with their life partner. This psychology blocks the skill, ability and efficiency of the women not to do anything for their own development and indirectly for the development of the society. Some partners of women are not tolerable towards the achievement. It also creates problem for the women not to do anything and better remain quiet at home. In this male dominated society the male people are hectic towards women administration, If rule regulations are made or order is given by woman administrator or manager, it is not easily accepted by the male people., the male people always have the feelings of negligibility to do works under any lady manager .These negative psychology of male people blocks the way of woman growth and leads to a unsuccessful working lady.

Society and culture: the Indian society always gives emphasis upon the male people to be



Prof. Kulaskar delivering the Valedictory address

the entrepreneur. Every male has to earn something for his family expenditure. This leads to male entrepreneur to do a business or to innovate certain ways or to work under uncertainty or to bear ininsurable risk or to manage factors of production.

But Indian culture doesn't give emphasis upon the women earning. This culture does not emphasize upon the women earning for household bearing. This norm of the society blocks the innovative mind and taking the risk capability of women in this society .Male persons earning is the measure source of expenditure of a household today. so the women are risk free and it is optional for them to earn or not creates a block are towards women as an entrepreneur , certain works or business are also there in which women are prohibited not to do.

Living in border less world, with lots of scope for entrepreneurship women would have to make their way out of this self imposed barrier, this glass ceiling can be broken and the women can be proved the but entrepreneur with the utilization of some Gandhi an philosophy.

Cooperation: cooperation has been touted as an alternative to competition as well as conflict among the family. Cooperation among the family embers will help the women to be ambitious and determined focused towards their duties backed by family support by sharing the family burden equally with each other.

Cooperation from the society will help the women to be their work in an enthusiastic way and to be efficient. Government should have cooperation with them in their way towards achievement with financial, social and legal assistantship. government has already made some reservation , financial assistantship and social awareness program for the women entrepreneurship , still then certain problems are their in the field of implementation, for this measure should be taken by the government by which proper utilization of government strategy for women entrepreneurship can be successful.

Social justice and equality : Gandhi has after quoted that if mankind was to progress and to realize the ideals of equality of and brotherhood it meet act on the principle of paying the highest attention to the prime needs of the weakest of section of the population . The exercise on economic planning on a national scale would be futile without uplifting most vulnerable sections of the society in a direct manner.

So both the people and government should give emphasis upon the economic development of the women in the society. Justice should be given to the women. They have to come out from the dark and have to implement their knowledge, utilize their skill and invest their ability and can achieve for their own family and country's economic development.

Non violent economy: Gandhi gave emphasis upon the nonviolent economy .that means ethics and trust should be their in all economic sphere, trust among all the people helps to reduce the negative psychology of the male people towards women entrepreneurship, due to their negative psychology some male people don't want to be innovative and don t want to do their best for any organization under a female entrepreneur. But if ethics and trusteeship is there, than the black seven on the eye off the male people will be vanished and successful business will be possible.

Decentralization of economic activities: In some cases large male entrepreneurs do not want to give change females in their economic activity, but their economic activity should be distributed among all the entrepreneur society. Encouragement training program me would be made which will help the women to identify their potentiality and to prove themselves.

Punctuality and duty: besides others help the women has to be courageous and self motivated to best by utilizing their potentiality and time.

Conclusion and suggestion: Rounded with huge problems, some successful entrepreneur are there due to their family support and own drive, if these women will build different net work with other women, then it will be easy to overcome the problems.

Women in recent years have undoubtedly proved themselves in all walks of life. However, self dependent and women entrepreneur have to cover a lot of ground by overcoming the glass ceiling.

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Millennium Development Goals and Cooperatives

◆ K. Ravichandran* ◆ Dr. T. Paranjothi**

Introduction

Cooperatives, as an economic enterprises and as self-help organizations, play a meaningful role in uplifting the socio-economic conditions of their members and their local communities. Over the years, cooperative enterprises have successfully operated locally-owned people-centred businesses while also serving as catalysts for social organization and cohesion. With their concern for their members and communities, they represent a model of economic enterprise that places high regard for democratic and human values and respect for the environment. As the world today faces unstable financial systems, increased insecurity of food supply, growing inequality worldwide, rapid climate change and increased environmental degradation, it is increasingly compelling to consider the model of economic enterprise that cooperatives offer. The cooperative sector, especially in developing countries like India plays a vital role in achieving the United Nations Millennium Development Goals (MDGs) by 2015. Achieving the targets has become the top of the policy agenda in many developing countries. Each developing country has taken various policy initiatives to realize the objectives of MDGs. This paper makes an attempt to analyze the efforts made by the Government of India in realizing the objectives of MDGs and discusses the contribution made by the cooperatives in realizing the objectives.

Millennium Development Goals

The Millennium Development Goals (MDGs) that respond to the world's main development challenges, the focus being the human dimension are to be achieved by 2015. The MDGs are drawn from the actions and targets contained in the Millennium Declaration that was adopted by 189 nations-and signed by 147 heads of state and governments during the UN Millennium Summit in September 2000. The eight millennium development goals includes, eradicate extreme poverty and hunger, achieve universal primary education, promote gender equality and empower women, reduce child mortality and improve material health, combat HIV/AIDS, malaria and other diseases, ensure environmental sustainability and develop a global partnership for development. More than 10 years have passed since world leaders established goals and targets to free humanity from extreme poverty, hunger, illiteracy and disease. The millennium

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declaration and the MDG framework for accountability derived from it have inspired development efforts and helped to set goals and national priorities. The initiative taken by India in realizing the millennium development goals are as follows.

India's initiatives in achieving millennium development goals

GOAL 1: Eradicate extreme poverty and hunger

At the beginning of the new millennium, 260 million people in the country did not have income to access a consumption basket which defines the poverty line. Of these, 75 per cent were in the rural areas. 22 per cent of the world's poor are in India. Such a high incidence of poverty is a matter of concern in view of the fact that poverty eradication has been one of the major objectives of the development planning process. India has been moderately successful in reducing poverty – the poverty Headcount Ratio which is estimated to reach 18.6% by 2015 is likely to miss the target by about 3.5 percentage points. Hence, eradication of hunger remains a key challenge. In 1990 when MDGs was formulated 53.5% of all Indian children were malnourished. Since then, the progress has been very slow. In India the proportion of underweight children below three years has declined by only 1% between 1988-99 and 2005-06 to 46%. It is estimated that malnourishment could decline to 40% by 2015; this would be below the goal of reducing malnourishment to 28.6%. The details of poverty eradication initiated by the GOI include National Food for Work Programme, Sampoorna Grameen Rozgar Yojana, National Rural Employment Scheme, Gram Swarozar Yojana etc.

GOAL 2: Achieve universal primary education

The national educational policy has suggested to raise the educational expenditure to 6% of the GDP. As a part of achieving the MDGs the GOI has launched Sarva Shiksha Abhiyan in 2000. It is partly funded by World Bank, European Commission and DFID of UK. The 11th five year plan had comprehensive strategies for strengthening the education sector covering all segments of the educational pyramid. The Kasturba Gandhi Balika Vidyalaya Scheme (KGBVS) was launched in 2004 for setting up residential schools for upper primary level for girls predominantly belonging to SCs, STs, OBCs and minorities, the District Primary Education Programme (DPEP) and the Mid-day Meal Scheme are on the same line. The Indian constitution was amended in 2002 and elementary education has become part of the fundamental right. All these initiatives has greatly reduced the school dropout rate and increased the enrollment rate to a greater extent.

Goal 3: Promote Gender Equality and Empower Women

Eliminate gender disparity in primary and secondary education preferably by 2005 and at all levels by 2015 is the target under MDGs. Female literacy rate has increased during the period 1991-2001 by 14.38% where as the male literacy rose only by 11.13%. Kerala registered a the highest female literacy rate of 87.72%, while Bihar registered the lowest at 33.12%. The male female gap in literacy rate has also come down from 24.84 to 21.59 percentage points during the decade. In developing countries, 96 girls were enrolled in primary and secondary school for every 100 boys in 2009. This is a significant improvement since 1999, when the ratios were 91 and 88 respectively.



Ms. Veena Nabar commenting on a presentation

Goal 4: Reduce child mortality

The under five mortality rate is higher than national average in the States like Assam, Bihar, MP, Orissa, Rajasthan and UP in respect of rural, urban and combined estimates and also for both men and women when corresponding values at national level. The IMR stood at 192 during 1971, 114 in the 1980 and 58 in 2005. Steady progress is observed in reducing child deaths. Globally, the mortality rate for children under five has declined by a third, from 89 deaths per 1000 live births in 1990 to 60 2009.

Goal 5: Improve maternal health

The maternal mortality rate or the rate of deaths among women during or after pregnancy, in India has declined to 212 per 1, 00,000 live births in 2007-09 as against 254 in 2004-06, according to data released by the Registrar General of India. Though there is a decline of 17% during the period, the country needs to achieve a target of 109 deaths by 2015 to achieve the United Nations-mandated Millennium Development Goals—a feat already achieved by Kerala, Maharashtra and Tamil Nadu. Similarly, infant mortality in the country has declined marginally to 50 per 1,000 live births in 2009 as against 53 in 2008. However, the female infants continue to experience a higher mortality than male infants. For every 49 male infants, 52 female infants are dying. Globally, the maternal mortality ratio dropped by 34 per cent between 1990 and 2008, from 440 maternal death per 1,00,000 live births to 290 maternal deaths. However, the MDG target is still far off.

Goal 6: Combat HIV/AIDS, malaria and other diseases

Health of a nation is an essential component of development. The 11th five year plan has earmarked more funds for health programme on critical areas such as HIV/AIDS. In India there are 282million people between 15 and 24 years old: 22 percent of India population who form a vast pool of individuals most vulnerable to HIV. The epidemic is shifting to rural population and to women who account for 38% of infections. The prevalence and death rates associated with malaria are consistently coming down. The death rate associated with TB has come down from 67 deaths per 1,00,000 populations in 1990 to 33 per 100,000 population in 2003. The proportion of TB patients successfully treated has also risen from 81% in 1996 to 86% in 2003. Globally, between 2001 and 2009, the HIV incidence rate declined steadily, by nearly 25 per cent world wide.

Goal 7: Ensure environmental sustainability

India is well on track to meeting the MDG on water coverage, though quality and sustainability remain key issues. On sanitation, achieving the MDG will demand massive investments in facilities and even more in changing hygiene practices. The proportion of population without sustainable access to safe drinking water and sanitation is to be halved by 2015 and India is on track to achieve this target.

Goal 8: Develop a global partnership for development

This goal is basically meant for the developed countries to provide development assistance to the developing countries. The Government of India has taken lot of initiative to seek the support of the developed nation to achieve this objective. However wide gap exists in seeking required assistance from the developed nations. In this connection it is worth mentioning that unless aid commitments translate into actual delivery, realizing this objective becomes difficult.

The National Employment Guarantee Act, Sarva Siksha Abhiyan, Total Literacy Campaign of the National Literacy Mission, 73rd and 74th constitutional amendments providing reservation to women, National Health Mission, Total Sanitation Campaign and Bharat Nirman are some of the important steps taken by the Government which will help in achieving the Millennium Development Goals.

Role of cooperatives in achieving MDGs

The MDGs are based on set of fundamental values: freedom, equity, solidarity, tolerance, respect for nature and shared responsibilities. In this connection, it is worth mentioning that the ICA basic values of cooperatives are self-help, self responsibility, democracy, equality and solidarity and of ethical value of social responsibility. It shows that MDGs are based on the values of cooperatives. The contributions made by cooperatives are duly recognized by international organizations like FAO, ILO etc. The UN also regularly recognizes the contribution of cooperatives to poverty reduction, in 2003 Kofi Annan's message on the International Day of Cooperatives was clear; cooperatives are a key partner in the UN system, they are models of self-help and solidarity, and their contribution is 'unique and invaluable'. The ILO in its recent report has duly recognized contribution of

the cooperatives and certified that cooperatives have been significant instrument in the growth of civil society and community organization. Hence, cooperatives are having more responsibility in achieving the objectives of MDGs. Karunakaran study of various types of cooperatives in a district of Tamilnadu (2010) in India reveals that cooperative movement in the district has made sustainable social impact on the soil. The role played by the cooperatives in achieving the MDGs is given below:

Goal1: Eradicate extreme poverty and hunger

Creation of assets paves way for generation of income and generation of income results in eradication of poverty and hunger. The credit cooperatives both under 3 tier and 2 tier credit structure extend credit facilities either for generation of income or creation of assets. The income generated through effective utilization of loan provides room for eradication poverty and hunger. Hence, cooperatives play a key role in eradication of extreme poverty and hunger and it is first in the list of MDGs. Further, the strategies for working out of poverty includes skill development through vocational training, employment intensive infrastructure investment programmes, promotion of entrepreneurship among micro and small community-based enterprises, and micro finance.

Goal 2: Achieve universal primary education

The cooperative sector in the developed countries initially concentrated in providing basic literacy and technical education. When the State take over the responsibility of providing primary education, cooperatives withdrew from this work and started concentrating more on cooperative education, emphasizing more on understanding cooperative principles. Cooperatives as a local civil society organization extend support to schools to provide education for all. Otherwise, the school dropout rate will increase. The reasons for dropout are many and the prime factor is economic burden on the part of the family. The cooperative society at the village level provides uniform, supply of books at free of cost, conduct campaign to motivate the children to go to school. This process increases the enrollment rate and reduces the school dropout rate. In many countries cooperatives have started schools and colleges mainly to promote primary, secondary and higher education. It is worth mentioning that cooperative societies invariably in all states permitted to spend not less than one per cent of the net profit for social cause.

Goal 3: Promote gender equality and empower women

One of the principles of cooperation is “open membership”. It means that membership is also open to women. Hence, women can become directly the member of the society or they can form women cooperative society separately. At present there are about 12,508 women cooperatives functioning in India. The SHGs formed by the cooperatives gives more scope for socio-economic empowerment of women. The women dairy cooperatives functioning under Support to Training and Employment Programme (STEP) provides integrated package of services to women to make them economically more stable, independent and raise their socio-economic status through upgrading of skills through training, better and sustainable employment opportunities, backward and forward linkages, facilitation of oraganisation of women, support services with the coverage of

health check-up, referral service, mobile crèches and education facilities. The equal distribution of surplus by the cooperatives reduces gap of rich and poor and also promote gender equality.

Goal 4: Reduce child mortality and Goal 5: Improve maternal health

Cooperatives have raised people's income or provided decent work, good housing, unadulterated food, ability to save or borrow money, they have had an effect on the health of children and the mothers. The Indian Farmers' Fertilizer Cooperatives organizes regular health care programmes for farmers and their families, with free medical and medicines, and insurance cover for personal accidents. In India to reduce infant mortality and improve maternal health lot of health care cooperatives are functioning in India, particularly in the State of Kerala. As on 31.03.2010 there are about 182 health care cooperatives functioning in Kerala. Cooperatives in Karnataka extend health care services through "Yeshasvini Cooperative Health Care Scheme" for women and children and it includes maternal and neo natal services. In Srilanka health cooperative were organized in 1960, mainly to provide services to members of consumer and agricultural cooperatives. More number of multipurpose agriculture cooperatives also extend health service in rural and hill areas. Thus it is very clear for the health care of common man that cooperatives play a unique role.

Goal 6: Combat HIV/AIDS, malaria and other diseases

In India hospital cooperatives and cooperative education field projects provides health awareness programme on HIV/AIDS. The National Cooperative Union of India has established four cooperative education field projects for women, which have more than 10,000 members. They conduct monthly awareness workshops on health care, including classes on HIV/AIDS awareness. The ICA regional organizations, ICAROAP, has specialized body, the Asia-Pacific Health Cooperative Organization that has begun a project for prevention of the spread of HIV/AIDS. The cooperatives functioning in the country like Kenya and South Africa provides goods services to HIV/AIDS sufferers.

Goal 7: Ensure Environmental sustainability

This goal has three distinct targets: to integrate the principles of sustainable development into country policies and prevent the loss of resources; to reduce by half the proportion of people without sustainable access to safe drinking water of people without drinking water, and to improve the lives of at least 100 million slum dwellers. In this connection the housing cooperatives have taken lot of initiatives to face global challenges by contributing in a humble way in improving the environment of the dwelling places of an individual. There are 92,000 housing cooperatives in India which have constructed 25 lakh houses along with providing safe drinking water, conservation of energy, controlling pollution and making surrounding environment friendly. The Indian Farm Forestry Development Cooperative Limited (IFFDC) project has been initiated in 1995 with the mandate " To develop farm forestry on wastelands through promotion of village level Primary Farm Forestry Cooperatives (PFFCS) for socio-economic development of landless, marginal, small farmer's and women in particular with peoples' participation" in states of Rajasthan,

Madhya Pradesh and Uttar Pradesh. The IFFDC has taken panchayat lands in Rajasthan, which were highly degraded, over grazed. In Uttar Pradesh, IFFDC works on the wastelands, which are privately owned and sodic in nature. In Madhya Pradesh on revenue wastelands and more than 26 thousand hectares of wasteland have been afforested with multipurpose trees through people's participation.

Goal 8: Develop a global partnership for development

The cooperative in the developed countries helps the developing countries in fair trade. The Swiss consumer cooperatives, Migros, has launched a fair trade line of children's clothes, linking up with farmers in Mali to produce organic cotton, and then sending the cotton to be made into finished goods from factories in India. This enables the farmers to improve their working conditions by avoiding use of chemicals and to gain a better price by organizing in marketing cooperatives. Consumer cooperatives in Switzerland make an ethical choice to support the protection of workers' rights in developing countries.

Conclusion

The Millennium Development Goals today are the focus of the world's development agenda with multi and bilateral organizations, government and civil society all seeking to find innovative way to reach the goals by 2015. Though cooperatives make significant contribution no mention has been made about cooperatives in the literature of Millennium Development Goals. It is time for the cooperatives to showcase their contribution to the world in achieving the MDGs. The available facts and figures underline the need more efforts and active involvement of all the nations in achieving the Millennium Development Goals both in letter and spirit.



Dr. K. Elumalai summarizing a Technical session

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Women Empowerment through Cooperative Initiatives - An Analysis of Cooperative Relevance to MDG

✦ Sudha K, Ph.D, India

1.0 Introduction

In India, the reform process and the growth strategies though have the common agenda of the development of the people with freedom and human rights, the same development process bypasses the hardcore poor women with their contribution unaccounted and unrecognized (Alka Srivastava, 2007). Microfinance and rural employment schemes have proved succour to the needy to some extent. However, these initiatives have failed to alleviate the poverty due to its implementation bottlenecks and systemic defects. Hence women work force, who constitute majority in the unorganised sector, have now realised that their sustainable development is dependent on their collective action that gives them institutional shelter rather than depending on the State and the Market.

Co-operatives have a track record of more than a century as engines of growth and as organisational means of creating employment and overcoming poverty. They have contributed immensely towards empowerment, security and creation of opportunity (Birchall, 2003). However, the problem of poverty and hunger is in such a magnitude that the Fourth World Conference on Women (1995) states that the poor women are affected more by the poverty than men. Poverty is not only lack of income but it also means subordination, exclusion and not having access to services and opportunities for human development (Veena Tucker, 2002). In this evolving scenario, it is imperative for the cooperatives that dwell huge number of women membership to commit themselves to the women empowerment and MDGs. This will definitely help them realize inclusive development as proclaimed in the reform process to make India tread on growth trajectory. Sustainable development and inclusive growth has meaning only when the gender parity in empowerment process is given due focus (Sudha, 2009).

2.0 Objectives of the study

1. To discuss the rationale for the women empowerment initiatives in cooperatives.
2. To delineate the significant role played by the sample cooperatives towards the cause of women empowerment and MDG.
3. To suggest measures for the effective implementation of women empowerment strategies.

3.0 Hypotheses

Hypotheses taken for the study are as follows:

1. Null Hypothesis(H₀): Factors attributed are not correlated with the population.
Alternate Hypothesis(H₁): Factors attributed are correlated with the population.
2. Null Hypothesis(H₀): Participation in cooperative initiatives and Empowerment are not related.
Alternate Hypothesis(H₁): Participation in cooperative initiatives and Empowerment are related.

4.0 Methodology Used

This study is descriptive and exploratory in nature and is based on the empirical survey conducted during 2008-2011(April). Both primary and secondary sources of data are used in the study. Methods of data analysis and interpretation include descriptive statistics such as percentages, averages, and deterministic statistical tools (statistical inferences) of correlation, factor analysis and non parametric statistics. The study is confined to the primary cooperatives working in different sectors in five States in India. Multi stage stratified random sampling was used for selection of areas, sectors and units.

5.0 Rationale for the Women Empowerment Initiatives in Cooperatives

The concept of women development was recognized during the planning period in our country. It was during 1950s and 1960s “welfare oriented” women's education received priority under the planning system, which took a paradigm shift to “development oriented” during 1970s and 1980s. This resulted in the adoption of multi-disciplinary approach with a special thrust on the three core sectors viz., health, education and employment. Accordingly, priority was given to implement the programmes for women under different sectors of agriculture and its allied activities like dairying, handlooms, handicrafts, and small-scale industries(Usha Jumani,1997).Ninth and Tenth five year plans focused more on empowerment of women and special attention was given for women in the unorganized sector who account for more than 90% of female work force. Consequently cooperatives have been used as device for the upliftment of this target group. Currently the concept of inclusive development and financial inclusion in the reform measures as well as poverty reduction strategies promoted by UN under the MDG priorities has brought gender equality and empowerment of women to the centre stage ever than before. Lot of programmes are being initiated to improve the livelihood opportunities and the socio-economic conditions of women.

Women population constitute nearly 48.2% of the total population, yet women- only cooperatives are mere 2% of the total number of cooperatives in India. Women are hardly represented at decision making bodies at all levels. They continue to labour under such handicaps as illiteracy, lack of training, inefficient management, limitation in access to credit, market, land, technical know-how and entrepreneurship skills. Gender programmes are essentially designed for poverty alleviation and do not address power

structure in relation to women. Low level of literacy has resulted in lack of information on cooperative principles essential for cooperative education. Legal, financial and attitudinal constraints deter women to become members and leaders in cooperatives (Lalita Krishnaswami,2004). Lack of leisure time for women, and lack of support from family, have further hindered in their full participation in training programmes. In view of the situation, HRD interventions towards the empowerment of women at the primary cooperative's level are crucial to bring them into the mainstream. Vocational training, member social activities, interaction programmes, regular member orientation programmes both preceding and after the formation of a society at the primary cooperative level is imperative for strengthening the enlightened membership base (Sudha,2005).

Finally, empowerment is a comprehensive term. It is the ability of individuals to gain control socially, economically, politically, and psychologically through the achievement of three goals-economic inclusion, capacity building and self-reliance leading to the sustainable development of the community as a whole (Nikkah& Redzuan,2010). All the above three goals are interlinked and interdependent. Cooperatives are the fitting organizations, both by principles and functions, that has potential to contribute towards women empowerment in particular and MDG in general. Besides providing succour to the needy, they can strengthen the capacity building of women that help them to mobilize the resources (economic, human and technology) required to attain self-reliance of themselves and the community at large. For instance, SEWA Group of Cooperatives including SEWA Bank and Federation have contributed in a very big way in generating employment for women in different trades by providing need-based empowerment programmes. SEWA's main goals are to organize women workers for 1) full employment whereby workers obtain work security, income security, food security and social security and 2) self-reliance. Federation helped cooperatives to do a business worth more than Rs. 10 million and was able to give employment to 16,716 women earning an income of over Rs. 2 million. The SEWA Bank provided employment to 10,500 Women and paid wages worth nearly Rs.19.7 million. It provided loans to self-employed women working in 111 Trades. With the help of SEWA Bank, 60,000 poor women could create assets worth Rs.200 million (6.6million US \$) (Unesco,2003).

6.0 Analysis of the Significant Role Played by the Surveyed Cooperatives Towards the Cause of Women Empowerment and MDG

Only few cooperatives that have recognized that development can't be equitable unless it accounts for gender, have vouched with good initiatives for women empowerment, the delineation of the same is given below:

Dinesh Beedies workers' cooperative in Kerala is the epitome of women empowerment in a real sense. Hitherto they were providing economic shelter to the weak and marginalized women through beedi rolling (rolled cigarettes). But now they have diversified their products to food after the decline in demand for the beedies due to ban on the smoking imposed by the Government. The 40,000 employees, 80 percent of them being women, were retained to produce processed food instead of rolling beedies. In addition, the cooperative has also diversified into integrated circuit technology with the launch of a

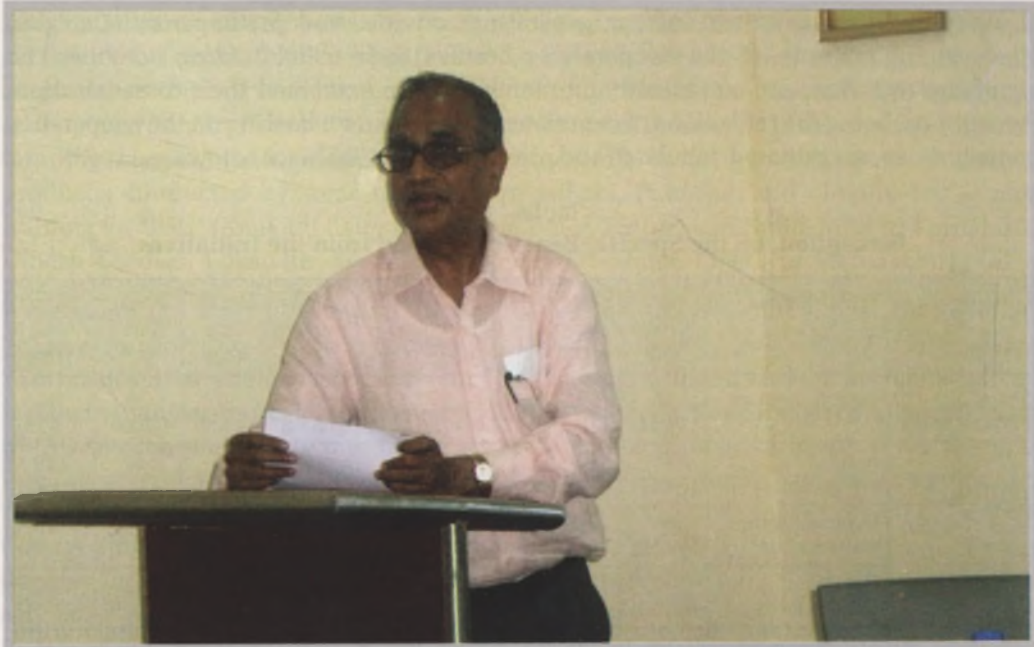
research and software development centre (UN Report, 2003; Sudha, 2003). Training activities, education and need fulfilment programmes conducted at Dinesh Beedies workers cooperative in Kerala have helped women members to fine tune their skills required in both administration and governance of their own organization. It uses rights based approach to ensure equity and justice. The socio-economic compulsions and constraints experienced by them while organising themselves into cooperative ventures and interventions to which they exposed, helped to mould their holistic personality. The visibility and recognition they gained in their locale have helped them to draw more of women into the cooperative.

Handattu, Karkada, Kanyadi, Idkidu, Soorinje Milk Producers' Women Cooperatives (MPWC) in the State of Karnataka, Ponda MPWC in Goa, Mulukanoor MPWC in Andhra Pradesh and Warana Sahakari Dudh Utpadak Prakriya Sangh Limited in the State of Maharashtra have been the catalyst in the rural transformation and successful in flooding the white revolution in their area. Women members are given capacity building inputs and numerous dairy extension activities under WDCLP and STEP of the Dairy Federation reflecting on their socio-economic development. Besides helping them to create asset and steady income, it has empowered them to gain political presence in local government too. Thus members were helped not only to visualize and but also to realize their sustainable development.

Poor and illiterate members of Women Thrift Cooperatives at Mulukanoor in the State of Andhra Pradesh opined that their exposure to deliberations that covers issues like livelihood, gender dimensions, right to information, governance and transparency have helped to build their capacity and self-reliance. This is very paramount to brace the challenges in agriculture and self-employment activities in a remote and dry rural areas like that of Mulukanoor.

Nearly 76% of the sample units, besides their main function, have conducted training classes for pursuing some employment opportunities for the livelihood of women members. If tailoring, printing classes are conducted by some PACs, Producers multipurpose cooperative in the state of Karnataka and all Dairy and Women multipurpose societies in all the sample states, are providing customized training services, depending on the capability of the women members. Belthangady LAMPS of Karnataka have envisaged to conduct computer training classes for their women members. Majority of the sample Women MPS have also conducted short term courses on beautician techniques, mat making, DTP, screen printing etc.

Sri Mahila Griha Udyog Lijjat Papad (SMGULP) is a proud women's worker cooperative of over 42000 women members across 67 branches and 35 Divisions in 17 different States across India. Lijjat has achieved annual sales of over Rs.5.01 billion. Export alone account for Rs 2.5 billion (Jyoti Naik, 2005). The organization's main objective is empowerment of women by providing them employment opportunities through training activities to produce quality papads (snack). It helps women who are not encouraged to work outside their homes, to contribute to their household family income. Any woman who pledges to adopt the institution's values and who has respect for quality can become a member and



Prof. Kulaskar speaking at the Valedictory session

co-owner of the organization. "Equity and equality is the hallmark of the organization"(Malathi,2007).The organization has no fixed retirement age and worker members can earn their bread through daily work, all through their life. It has also organised literacy and computer education programmes for the members and their families. Members were given the opportunity to join the courses like orientation courses in typing, cooking, sewing, knitting and toy making, first aid and hygiene.

Landless and rural based women members of Potters' Cottage Industrial cooperative in Kumbra in Puttur in the State of Karnataka owe their success to the training in modern terracotta and the art of pottery making imparted by their cooperative, which is at the stage of extinction in the region. It is a taboo for the women to work on the potter's wheel as it is the exclusive prerogative of the male members of their community. Thus under the enlightened guidance of the training programme of the cooperative, women have broken the traditional, cultural barrier and mindset. Thus they excelled in the artisan skill leading to the creation of livelihood opportunities for them and good profit for the organisation.

6.1 Analysis of Cooperative Relevance to MDG

Cooperatives have contributed immensely to the development of the Nation. Hence they can equally and potentially contribute towards MDG. An attempt is made here to analyse the surveyed cooperatives relevance to MDG. If we consider the three notions of World Bank as explained by Birchall(2004)-Opportunity, Empowerment and Security-some of the surveyed cooperatives have contributed towards all the three by initiating

capacity building measures, income generating activities and participatory strategies. However, in majority of the cooperatives besides their usual trading activities, no significant activities are conducted and members have expressed their dissatisfaction. Perceptions, being the reflections of experiences which have a bearing on the cooperative contributions, are gathered, tabulated and presented in the Table 1.0 below:

Table - 1.0
Perception on the Specific Benefit Obtained from the Initiatives

Benefits Sectors	Attributes	Agri. Credit (56)	Dairy (48)	Women MPS (48)	LAMPS (40)	Prod/ workers (48)	Marke- ting (40)	Bankg /thrift (40)	Total (320)
Social Empowerment	Coop Conscious	16 (28.57)	23 (47.91)	10 (20.83)	5 (12.50)	6 (12.50)	6 (15.00)	18 (45.00)	84 (26.25)
	Skill enhancement	30 (53.57)	40 (83.33)	14 (29.16)	8 (20.00)	15 (31.25)	15 (37.50)	17 (42.50)	139 (43.43)
	General Aware- ness creation	35 (62.50)	40 (83.33)	16 (33.33)	10 (25.00)	10 (20.83)	10 (25.00)	12 (30)	133 (41.56)
	Personality development	35 (62.50)	35 (72.91)	14 (29.17)	8 (20.00)	10 (20.83)	9 (22.5)	10 (25.00)	121 (37.81)
Economic Empowerment	Self employment	12 (21.43)	48 (100.00)	18 (37.50)	15 (37.50)	15 (31.25)	18 (45.00)	20 (50.00)	146 (45.63)
	Poverty alleviation	12 (21.43)	48 (100.00)	18 (37.50)	15 (37.50)	15 (31.25)	18 (25.00)	22 (55.00)	148 (46.25)
	Access to produc- tive resources	12 (21.43)	24 (50.00)	18 (37.50)	8 (20.00)	8 (16.67)	19 (47.5)	22 (55.00)	111 (34.68)
	Fulfillment of need	32 (57.14)	40 (83.33)	24 (50.00)	14 (35.00)	16 (33.33)	10 (25.00)	15 (37.50)	151 (47.19)
Political Empowerment	Managerial Com- petence Building	10 (17.85)	18 (37.5)	8 (16.67)	5 (12.50)	3 (6.25)	9 (22.5)	16 (40.00)	64 (20.00)
	Equal role in Decision making	7 (12.5)	18 (37.5)	6 (12.50)	5 (12.50)	3 (6.25)	10 (25.00)	15 (37.50)	64 (20.00)
	Confidence building	7 (12.5)	18 (37.5)	8 (16.67)	3 (7.50)	5 (10.42)	10 (25.00)	10 (25.00)	61 (19.06)

Note: 1) Figures in Total column indicates total of the each row

2) Values in parenthesis in each cell denote percentage to total number in each sector.

Source: Survey Data

From the above Table 1.0, percentage of members deriving benefits were found more in the units of Dairy, Agriculture credit and some pockets of women MPS and Banking/Thrift sectors. Members seems to have gained more from the social and economic empowerment strategies. It is also encouraging to note that cooperatives have proved succour to the needy by providing self employment avenues helping them to alleviate poverty, leading to the economic empowerment. It was found during the study that economic empowerment for the women conferred higher social status and identity reflecting on their emotional and physical health. 45% of women members (Puttur Potters cottage industrial coop society and Bantwal Producers' multipurpose coop, Dharmasthala,

Idkidu, Tattisara and Bajpe PACs in the State of Karnataka, MCRB in Andhra Pradesh and all Dairy units across the States) in the survey have shown more interest in attending self employment training workshops. This has not only instilled the required skill needed to take up micro enterprises but also helped in investment generation and asset creation. The tailoring classes, incense stick making, handicraft items, production of consumer products, conducted by some units (Dharmasthala, Punacha, and Idkidu PACs) and training for SHG (Kanyadi dairy unit, Bajpe PACs, Puttur and Sullia MPS in Karnataka, Dinesh Beedies, Lokanath weavers in Kerala, Warana, Lijjat in Maharashtra) have provided gainful employment opportunities. But the networking in marketing is wanting to provide steady income.

“The concept of empowerment lies in the fact that women should be perceived as producers and participants, not merely clients for welfare”(Alka Srivastava, 2003, p.1). It is in this direction, access to productive resources and fulfilment of needs of members in terms of micro credit, infrastructure facilities, marketing acumen to market the produced products (Belthangady Rubber Growers Marketing and Processing Coop, Ujire, Potters Cottage Industrial Coop, Puttur in Karnataka, Shetkari, Lijjat in Maharashtra, Dinesh Beedies in Kerala), diversified services, provision of cooking gas, public distribution services, health services and construction materials for the house (Punacha, Idkidu PACs in Karnataka, and Warana in Maharashtra, MCRB in Mulukanoor in Andhra Pradesh) paved a long way in poverty reduction and equitable development of women. The need fulfilment programme have helped women in involving in income-generating activities, whereby women have demonstrated that investment in women's economic power enhances their standing, their families' health and the prosperity of their communities.

Education, training, experiential learning which is vital for social empowerment is found imperative by many sample members for the sustainable development. These members as they are deprived of their formal schooling, recognise the importance of the same, particularly in the units in Dairy, Agriculture credit and Women MPS sector. General awareness and skill enhancement initiatives documented good percentage of participation. Though the activities enhancing domain expertise, which is crucial for instilling cooperative consciousness is found dismal, the members exposed to it have asserted that the awareness of the contexts, their rights and duties as members, the relevance of the concept of cooperation and cooperative business as a model for collective empowerment- all have helped them gain learning experience impacting social change. It helped the submissive and sacrificing women members to become conscious of themselves as persons with their own identity and personality. The exposure to social empowerment strategies not only helped them to assert their rights, shield against oppressive customs and traditions, but helped them to have increased access to social, economic and political opportunities. It empowered to take control of their lives as well as their families. Members opined that in the matters of health, sanitation, nutrition, family planning, saving, livelihood opportunities, gender, human rights and legal awareness, they have gained good insights worthy of application in real life situations. They affirmed that this knowledge helped them to counter gender discrimination, question and protest against social and cultural realities.

Cooperatives though to a moderate degree gave exposure to social and economic empowerment of members, advancement in the democratic front is wanting. Only office bearers got major role in the decision making and their managerial competence was found satisfactory. Members of the Dairy, Women MPS, Banking/Thrift units got good opportunity to advance in democratic participation due to their exposure to WDCLP programmes. But members in other sectors though seem to be interested, seldom got the opportunity to play the role in decision making. Thus majority of the members who have got exposed directly or indirectly to Women leadership development initiatives, frequently or infrequently, have expressed equivocally that such initiatives are very helpful in realising functional, social, economic and political democracy, the edifice of the cooperative concept. If the provision of credit has brought the members under financial inclusion, the initiation of WLD activities have bestowed both social inclusion and development inclusion, meeting the agenda of the Nation.

6.2 Data Analysis:

Hypothesis 1

The important attributes (factors) that influence the participation of member respondents reflecting on their empowerment are explored in this study. The following table shows the list of variables (factors) considered.

Table - 2.0
Variables Considered for the Study

No.	Factors	No.	Factors
1	Skill enhancement	11	Leadership
2	General Awareness	12	Managerial competence
3	Personality Development	13	Equal role in decision making
4	Poverty alleviation	14	Fulfillment of need
5	Self employment	15	Productivity
6	Income generation	16	Cooperative consciousness
7	Asset creation	17	Networking
8	Access to productive resources	18	Communication/ Information
9	Micro credit	19	Confidence building
10	Infrastructural Facilities	20	Experiential learning

Source: Survey Data

Principal Component analysis was used since it was an exploratory factor analysis. The important parameters were listed as shown in the table and each respondent was asked to rate them according to the importance which influence their participation in the cooperative initiatives on a scale of 1 to 5 (With 1 being the least important and 5 being the most important). Factor analysis was used here to understand the independence amongst the factors. The hypothesis which was designed for the factor analysis was as follows:

1. Null Hypothesis(H₀): Attributes are not correlated with the population.

Alternate Hypothesis(H₁): Attributes are correlated with the population.

Factor analysis was run by using principal component analysis method in SPSS

Results of factor analysis from SPSS are as follows:

Table 3.0
KMO and Bartlett's Test of Sphericity

Kaiser-Meyer-Olkin Measure of sampling Adequacy	.784
Bartlett's Test of Sphericity	
Approx. chi-square	1414.755
Df	105
Sig	.000

Table - 4.0
Rotated Component Matrix(a)

	Benefits					
	1	2	3	4	5	6
Skill enhancement	0.078	0.186	0.865	0.025	0.051	0.203
General Awareness	0.861	-0.07	0.2	0.156	0.23	-0.18
Personality Development	0.654	-0.08	-0.014	0.634	0.16	0.109
Poverty alleviation	0.197	0.865	-0.19	0.199	-0.17	0.036
Self employment	-0.19	0.813	0.098	-0.07	0.153	0.027
Income generation	0.419	0.607	0.315	0.273	-0.07	-0.08
Asset creation	0.463	0.518	-0.469	0.465	-0.02	0.082
Access to productive resources	0.122	-0.02	0.889	0.973	0.259	0.078
Micro credit	0.027	-0.371	0.884	0.231	0.454	-0.34
Infrastructural Facilities	-0.02	0.059	0.655	-0.095	0.034	0.3964
Leadership	0.006	0.3972	-0.004	0.795	0.916	-0.14
Managerial competence	0.151	-0.05	0.413	0.724	0.236	-0.08
Equal role in decision making	0.213	-0.31	-0.148	0.687	-0.76	-0.05
Fulfillment of need	0.337	0.01	0.125	0.065	0.693	0.304
Productivity	-0.22	0.267	0.483	-0.13	0.594	0.275
Cooperative consciousness	0.359	0.52	-0.003	0.066	0.571	0.094
Networking	0.069	0.154	-0.073	-0	0.037	0.869
Communication/ Information	-0.07	-0.21	0.319	0.207	0.216	0.654

Extraction Method: Principal Component Analysis. Rotation Method. Varimax with Kaiser Normalization. a Rotation Converged in 12iteration

Inference

The KMO and Bartlett's test value is 0.784 which is greater than 0.5 is considered adequate to conduct factor analysis. From Table 5.0 it is clear that the initial 20 variables have been reduced to 6 variables having relationship with the sample respondents (population), proving the Hypothesis 1. From rotated component matrix, we can club these variables as follows:

Table - 5.0
Clubbed Variables

Sl. No.	Factor Name				
1	Capacity building	Skill enhancement	Personality Development	General awareness	
2	Poverty reduction	Income generation	Asset Creation	Poverty alleviation	Self employment
3	Access to productive resources	Micro credit	Infrastructure facilities	Access to resources	
4	Leadership	Managerial Competence	Equal role in decision making	Leadership	
5	Fulfillment of need	Productivity	Cooperative consciousness	Need fulfillment	
6	Network	Communication/ information	Networking		

Hypothesis 2.

2. Null Hypothesis(H₀): Participation in cooperative initiatives and Empowerment are not related.

Alternate Hypothesis(H₁): Participation in cooperative initiatives and Empowerment are related.

Table - 6.0
Cooperative Initiatives and Empowerment Cross Tabulation

Chi-Square Tests		Empowerment		Total
		Yes	No	
Cooperative Initiatives	More	214	42	256
	Less	30	34	64
		244	76	320

Source: Survey Data

Table - 7.0
Chi-Square Tests

	Values	df	Asymp Sig (2 sided)	Exact Sig (2 sided)
Pearson Chi-Square	24.316b	1	.000	
Continuity Correction	22.795	1	.000	
Likelihood Ratio	27.040	1	.000	
Linear-by-Linear Association	24.195	1	.000	.000
N of Valid Cases	100			

- a. Computed only for a 2x2 table
 b. 0 cells (0%) have expected count less than 5. The minimum expected count is 23.

Inference: As the value of $p(0.000)$ is less than $\alpha(0.05)$, null hypothesis is rejected. Hence cooperative initiatives and empowerment are related, proving the second Hypotheses. The respondents who have participated in development interventions have been able to progress towards empowerment. But the respondents who have not availed the opportunity to participate in empowerment initiatives due to various constraints, yet to reap the benefits. This shows that commitment to empowerment initiatives is a prerequisite to sustainable development of women.

7.0 Suggestions

1. Women empowerment initiatives should be bottom-up approach rather than trickle down as claimed in the reform process. Hence the top down approach that is in vogue today, implemented through both Central and the State Government needs reorientation and reorganization. Programmes organized by the National Cooperative Union of India (NCUI) for the development of women members should also be restructured focusing more on the customized grass root initiatives.
2. Absence of well-defined policies for the generation of income opportunities in times of crisis is the main reason for the lack of focus on women empowerment in women cooperatives. Like National Rural Employment Guarantee Drive, development of women must become a policy matter for all the primary cooperatives. It is nevertheless the task of the NCUI, NABARD and the Government to set the well-defined policy and guidelines for the same.
3. Lack of awareness and member participation reflecting on their apathy is the common problem of many cooperatives. Majority of the women members join the cooperatives out of external compulsion or to avail loans and services. To counter this grave problem, qualitative and quantitative programmes for income generation should be aligned with the trading activities of the cooperatives.
4. Small cooperative groups of women akin to self-help groups should be formed and capacity building activities should be initiated continuously. This will provide strong organizational basis for conducting self-employment activities.

5. Women, particularly the disadvantaged, should be encouraged to set up cooperatives and self-manage them through participatory approach. This will go a long way in contributing to the achievement of twin goals of MDG- poverty reduction as well as gender equality and empowerment.

8.0 Conclusion

Collective organising of women members under the cooperative fold will help in their poverty alleviation, human development and social empowerment. Empirical examples explained in the research paper have shown how the cooperatives have the potential in transforming themselves into forum of participatory democracy with true participation of women in developmental programmes. Though the access to economic resources were given to women through different welfare measures initiated by the Government of India, women were involved only as recipients of the benefits to the total exclusion of efficient management of economic resources. Thus organising women in large numbers with a qualitative objective than mere target reaching exercise, is the need of the hour.

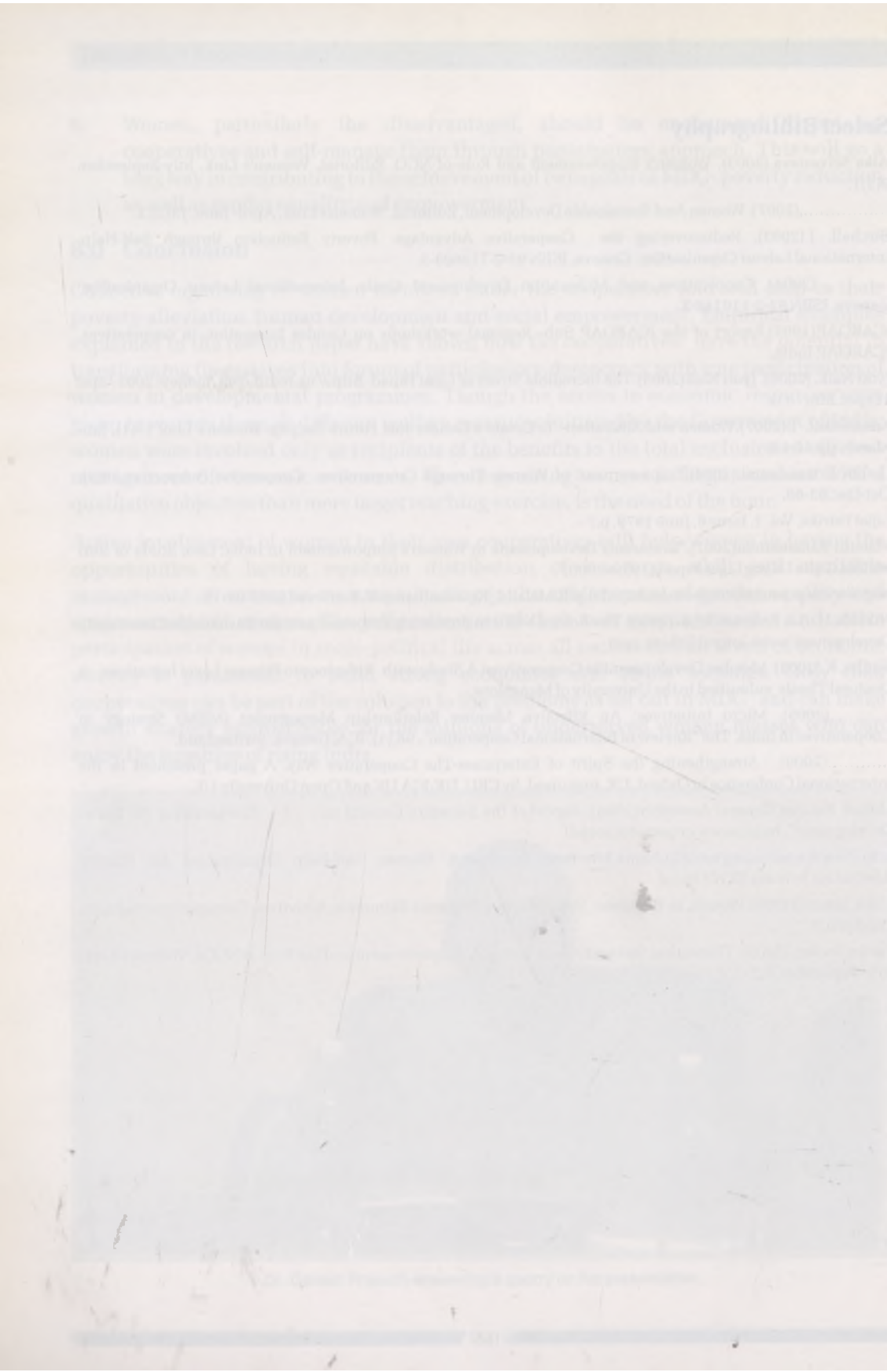
Active involvement of women in their own cooperatives will help women in having the opportunities of having equitable distribution of resources, skill and equitable management of economic resources leading to the achievement of gender equality and empowerment of women. The self-realisation of their own empowerment and active participation of women in socio-political life across all sectors and all levels of economic activity is paramount to build strong economies and stable societies. Only then cooperatives can be part of the solution to the problems as set out in MDG and can make growth strategy approachable for the millions of underserved women masses who can enjoy the sunshine of rising India.



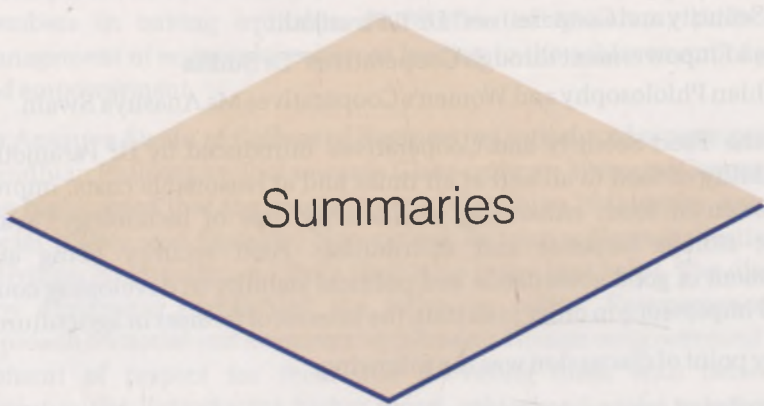
Dr. Daman Prakash answering a query on his presentation

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ICA AN RESEARCH COMMITTEE SEMINAR - BHUBANESWAR
The School of Rural Management
TECHNICAL SESSION IN JULY 24 2011
Millennium Development Goals and Cooperatives



Summaries

Agriculture cannot be sustained without a proper and steady credit support. It is being in short supply and its cost being high farmers often resort to marketing loans of last resort and low quality seeds. Credit distribution channels are also inadequate - cooperative credit structure being the main one, the other channels supply an expensive credit. Farmers have also not shown enough interest in adopting new technologies due to various factors, most of them being the cost factor. Some of the key issues which were discussed during the discussion were: Capacity building efforts for the farmers and extension agents; soil and water care through various practices; use of cooperative marketing; Official and office channels of cooperatives to be trained in methods and techniques of soil and water care and also in marketing use of quality seeds. Working use of information available from technologies centers, universities and research stations; Co-operation with other government programmes and related agencies.

ICA-AP RESEARCH COMMITTEE SEMINAR – BHUBNESWAR KIIT School of Rural Management

TECHNICAL SESSION-IV. July 24 2011 Millennium Development Goals and Cooperatives

Session Chair: Dr Daman Prakash

Presentations made by:

01. "Food Security and Cooperatives" Dr T. Paranjothi
02. "Women Empowerment through Cooperatives" Dr Sudha
03. "Gandhian Philosophy and Women's Cooperatives Ms Anasuya Swain

[A] The issue 'Food Security and Cooperatives' introduced by Dr Paranjothi covered: Availability of food to all and at all times and at reasonable costs; improvement of production of food; enhancing productivity; use of technology; availability of inputs; storage facilities and distribution. Food security being an essential component of good governance and political stability in developing countries is of crucial importance in order to sustain the interest of farmers in agriculture.

The key point of discussion was the following:

The number of persons consuming food has increased but the number of persons who produce it has decreased; The production and productivity of food has increased but the quality of food has drastically decreased; The prices of food has increased but the sharing of food has decreased; The control over food has increased for a few, but the availability has decreased for the masses.

Agriculture cannot be sustained without a proper and adequate credit support. Money being in short supply and its cost being high, farmers often resort to making use of less fertiliser and low quality seeds. Credit distribution channels are also inadequate – cooperative credit structure being the main one, the other channels supply an expensive credit. Farmers have also not shown enough interest in adopting new technologies due to various factors, one of them being the cost factor.

Some of the key issues which emerged during the discussion were; Capacity building efforts for the farmers and extension agents; soil and water care through regular checks and making use of corrective measures; Officials and office-bearers of cooperatives to be trained in methods and techniques of soil and water care and also in making use of quality seeds; Making use of information available from technology centres e.g., universities and research stations; Convergence with other government programmes and related agencies.

- [B] Dr Sudha made a presentation of the study on “Women Empowerment through Cooperatives”. The objectives of the study were: [i] to discuss the rationale for the women empowerment initiatives in cooperatives; [ii] to delineate the significant role played by the sample cooperatives towards the cause of women empowerment and MFG; and [iii] to suggest measures for the effective implementation of women empowerment strategies. A brief description of cooperatives studies was made on the following: Dinesh Beedies Workers' Cooperative – Kerala; Handattu Karkada, Kanyadi, Idkidu, Soorinje Milk Producers Women Cooperative – Karnataka; Mahila Griha Udyog ijat Papad cooperative.

Some of the conclusions of the study were: Education, training, experiential learning which is vital for social empowerment is found imperative by many sample members for the sustainable development. Collective organizing of women members under the cooperative fold helped in their poverty alleviation, human development and social empowerment. Involvement in cooperative helped women members in having equitable distribution of resources, skills and equitable management of economic resources leading to the achievement of gender equality and empowerment.

- [C] Ms Anasuya Swain of College of Engineering introduced a more profound element 'Gandhian Philosophy Tool towards Glass-ceiling – Women's Cooperatives in India'. She highlighted that the crucial tools of Gandhian Philosophy were: Cooperation; Social Justice and Equality; Non-violent Economy; Decentralisation of economic activities; Punctuality and Duty [Self-Help is the best help]. The discussion on this new dimension highlighted the following issues: Re-emergence of Gandhian approach for social and economic upliftment; Women empowerment by infusing the element of respect for them and providing them with better development opportunities; Introducing higher moral, ethical and social values to enrich social structure; Highlighting the importance of 'trusteeship' so far as the management of cooperatives and other self-help organisations.

Legislation as an Effective Tool for Co-operative Governance with Special reference to Empowerment of Women and Youth

In all five papers were presented.

1. Mr. B.D. Sharma, Consultant ICA and NCUI
2. Prof. (Ms.) Nandini Sen, Associate Professor of KSRM of KIIT University
3. Prof. (Mr.) Amiya Sahu, Asstt. Professor, KSRM
4. Mr. A.K. Tiwari, Director, FISHCOPFED, New Delhi
5. Prof. K. Elumalai, Director, IGNOUS

Mr. B.D. Sharma presented a paper on Legislation as an Effective Tool for Co-operative Government. Mr. Sharma dwelt upon the Evaluation of Co-operative legislation. He highlighted two distinctive situations in the world in the realm of Co-operative law: First category of Countries where co-operative movement preceded before Co-operative Law and the Second category, where co-operative law preceded co-operative development.

He has also touched upon (i) the global perspective on co-operative law, (ii) Recommendation 193 of ILO, (iii) UN Guidelines 2001. The third part of the presentation concentrated on the Evaluation of the concept of Governance. The study traced out several expert committees constituted on government (corporate in UK and India by referring to Cadbury Committee, IFC and OECD deliberations.

The study also referred to three committees appointed in India on Governance such as:

- The Kumara Mangalam Committee,
- Naresh Chandra Committee
- Narayana Murthy Committee

The fourth part of the study concentrated on Corporate Government of Co-operatives. The study listed 9 important parameters of co-operative governance based on ICA Identity Statement, ILO Recommendation 193 and UN guidelines.

The fifth part dealt with empowerment and its implications. The study observed that "Empowerment of Women and Youth through co-operatives, if catalyzed, will serve a dual objective of overall socio-economic development of society and also that of co-operative organization in the context of youth and leadership.

The next part of the study discussed in detail the effectiveness of co-op legislation as a tool of good governance of co-operatives. In this part, the study concentrated on definition of co-operative law, co-operative law vis-à-vis co-operative identity, the need for self regulation and autonomy, the need for protection of member rights and transparency, the

co-op law and the professionalization of co-operative management, and corporate social responsibility and co-op law.

The next part of the study dwelt upon co-op law and empowerment of women and youth. The study suggested that the law should also make a clear provision for making it obligatory on the promoters of co-operative societies to submit an action plan for youth and women activities, along with the application for registration of co-operative society, other than women only co-operatives.

The presentation concluded by identifying the limitations of co-op law in ensuring good governance.

The second paper was presented by Prof. (Ms.) Nandini Sen on "Legislation and Co-operative Actions in the New Millennium: A comparison of the Companies (Amendment) Act 2002 and the Orissa Self-Reliant Co-operatives Act 2001.

This presentation concentrated mostly on the post liberation era. The presentation made a brief reference about the Self Reliant Co-op Law passed by several state governments in India like) The MSCS Act 2002, National Co-op Policy, 2002, Dr. YK . Alag Committee which recommended for amendment in Companies Act 1956.

The presentation dwelt upon the meaning, objectives and promotion of self-help co-operatives and producers companies.

Differences between self-help producers' co-operatives and a producer company. Nearly 20 parameters have been taken to study the distinction between the two. It would be good to see the table in presentation.

The presentation came to a conclusion that "Both self-help co-operatives and producer companies offer a set of advantages and disadvantages.

However the produce companies appears to be more promising in futuristic economic entities which need to be studied seriously and issues of governance, performance and operations need to be covered through empirical studies and consultation with promoting agencies should be taken up so that lessons learnt can be shared on a wider scale.

The third presentation was made by Prof. Amiya K. Sahu. An empharical study on innovative HR practices followed by Sri M. Viswesaraya Co-operative Bank.

The presentation talked out (me) the brief history of UNBs, (ii) structure of co-operative credit institutions, (iii) distribution of UCBs by the size of deposits, (IV) financial performance of non-scheduled SCBs.

Thereafter the presentation high -lighted on the history of selected bank (SMVCB), its foundation, performance highlights, loan portfolio to diversified sectors, initiatives on customers, awards and achievements, the role played by CEO, the HR policy, including selection process, ratio, criterion, business target for 2011-12 and the mindset of CEO on HR policy.

The fourth presentation was made by Mr. A.K. Tiwari, Director, FISHCOPFED on FISHCOPFED itself.

The presentation begin by highlighting the importance of fish for food security, fish production in India, the status of fishery co-operatives in India, the role of FISHCOPFED in food security, activities of FISHCOPFED, Database of primary fishery co-operatives, problems faced by fisheries co-operatives and fishers in India, requirements to strengthen the fisheries co-operatives, etc.

The last paper was presented by Prof. K. Elumali, Director, SOL, IGNOU.

The presentation began with the basic requirement for having a legal definition of co-operatives. The presentation traced out in brief the 100 years of co-operative legal framework in India by referring to:

- i) Co-operative Credit Societies Act 1904,
- ii) Co-operative Societies Act, 1912,
- iii) Government of India At 1919,
- iv) Establishment of RBI in 1934,
- v) Indian Independence Act 1935,
- vi) NUCS Act of 1942,
- vii) Emergence of Five Year Plans,
- viii) Rural Credit Survey Committee, 1954,
- ix) Committee on Co-operative Law, 1956,
- x) Committee on Co-operatives 1965,
- xi) MSCS Act 1984

\The presentation dwelt on the Professionalisation of Management in Co-operatives in 1987,

- xii) The Model Act 1991
- xiii) Post Mode Act Developments in States (Enactment of Self Reliant Co-operative Societies Act)
- xiv) Multi-state Co-op Societies Act 23002
- xv) The National Co-operative Policy 2002.

The presentation emphasized the need to observe and follow the Co-operative Identify, Principles, Values and Ethics.

The presentation emphasized the need for the observance of Co-operative Values as identified by the ICA Co-op Congress in 1995.

The co-Operative legal provisions affecting the principles were also identified and discussed.

The aspects of Co-operative legal governance, the various players in the field of co-operatives, the role to be played by each player in the field, the dilemma currently faced by co-operatives, and the future prospects and action plans was also highlighted.

Facing Challenges of Food Security and Climate Change through Cooperatives

There were six presentations in this session.

Dr. Daman Prakash, Consulatnt, IFFCO Foundation, in his presentation titled “Climate Change – Role Co-operatives can play”

He started by stating that MDGs are global and local and the thread of Climate change runs through all the goals. On the other hand Cooperatives are member based, members are the community and communities have concerns about the environment. How cooperatives can address members concerns with regard to climate change.

The concern is high in vulnerable countries in Asia which include Afghanistan, Bangladesh, Cambodia, India, Laos, Myanmar and Nepal.

The cooperatives can play an important role in creating awareness, share information and best practices, promote regional cooperatives and foster partnership.

At Local level Cooperatives can take initiatives with regard to conservation of resources, energy, and sanitation and undertake the task of capacity building of membership Foundation.

He also shared IFFCO Foundation initiatives in this regard which include crop demonstrations, horticulture, soil and water conservation, member education, and women empowerment.

Dr. Paranjothi, Secretary, NCCT focused his presentation on credit cooperatives. While quoting John Mathew (2010) that consumer is increasing and number of farmers is reducing should be a matter of concern. This further requires strengthening PDS which is good for BPL families but not functioning properly.

He also raised his concern regarding re-emergence of non- institutional sources and increase in their share from 30.6 to 38.6 percent. The sufferer is the small and medium farmer, primarily dependent on cooperatives sources. The commercial bank credit generally concerned large farmers.

Another reason of concern is the farmer debt from non – institutional sources carrying interest rate more than 30%. In conclusion he quoted findings of independent panel which has suggested that large loan waiver is unlikely to make great impact. But series of other measures like one time settlement, debt exchange,

credit guarantees, crop Insurance, debt counseling, etc.

Mrs. Veena Nabar, Consultant NCDC, highlighted likely impacts of climate change on women as she has to mobilize water, fuel and food for the family. Her stress levels are likely to increase as her effort to gather water and fuel go up with de forestation and other impacts of climate change.

Through a case study of IFFDC she highlighted how IFFDC has improved availability of resources for women through farm forestry and water conservation. The IFFDC model has significant potential through promotion of women cooperatives. These grass root institutions have empowered women and proved that women have capacity to counter climate change.

Mr. Rama Rao, ex MD NABARD, highlighted the need for repositioning cooperatives in the background of development deficit which includes

- Public investment & credit deficit
- Infrastructure deficit
- Market economy deficit and
- Knowledge deficit

He expressed his concern for lack of any coherent policy on climate change despite of its recognition nearly two decades ago.

With reference to credit availability he mentioned that 80% of institutional credit goes to 20% of farmers and 20% credit goes to 80% farmers.

He also mentioned that share of NABARD in agriculture refinance has gone down from 47% to 22%.

While suggesting that cooperatives need to address the issues of governance, leadership, HRD and technology, the need is to create performance benchmarks with reference to CRAR, NPA and operating expenses by deepening and widening their business quantitatively and qualitatively.

Dr. Dinesh, Chief Executive NCUI, started with a quote from Bhagwat Gita by highlighting that “food is first need in the hierarchy”. He went to narrate the definition and components of food security which goes beyond food to include safe drinking water, primary health, sanitation and environmental hygiene on sustainable & equitable basis. He further shared concept of food security and food security cycle. The later includes all three major functions namely production, consumption and distribution. He went to highlight the dilemma of food security:

- Plenty Vs. Scarcity
- Growth oriented economy Vs. poverty malnutrition and hunger
- Control of few Vs. denial of masses.

While highlighting the challenges of diversion of available land, use of grain crops as fuel and phenomenon of abrupt precipitation and rise in temperatures by 0.7 degree

Celsius he suggested a paradigm shift in agriculture to ever green revolution, organic farming, conservation farming, crop livestock, integrated farming.

Similarly this requires a different role for cooperatives in effective delivery of public policies.

Dr. Julia and Dr. Norhayati from the cooperative college of Malaysia made a presentation on success factors of cooperatives in Malaysia based on a research study. These factors are:

- Visionary Leadership
- Managerial Competency
- Stability
- Functional Characteristics

The second part of presentation was on the HR Development needs. The outcome of the study was a competency model which integrated three core components viz. cooperatives principles, functional specialization and type of cooperatives.

Summary by Dr. Dinesh on Mr. Sanjay Verma's Presentation on role of Cooperatives

In the last session related to world peace through cooperatives, Sanjay Verma, Jr Editor/Nodal Officer , COOP CONNECT,NCUI presented a paper on 'Role of Cooperatives in Peace Education-An Indian Perspective With Reference To Schools'. The paper pointed out that fostering cooperative identity through peace education model for the schools can be one of the effective ways to tackle negative perception of the people towards cooperatives. Providing a background that peace has been an integral part of ICA agenda, the paper pointed out that the cooperative principles and values strengthen peace. So cooperatives are strategically well-positioned to emerge as peace-building institutions as far as school education is concerned. Dr. Dinesh, Chief Executive NCUI who chaired the session felt that there is no need for cooperatives to think about themselves as "Peace – Building Institutions". He said that the world 'cooperative' itself denotes peace as there is need for people to cooperate with each other. If people are able to find peace in their families, communities etc. the problems of development can be tackled in a cooperative.

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