

***ROLE OF COOPERATIVE FEDERATIONS IN PRESERVATION OF
COOPERATIVE IDENTITY : A Comparative Study of two States in India***

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Cooperatives grew in five distinct traditions, i.e. Consumer Cooperatives in England, Workers Cooperatives in France, Credit Cooperatives in Germany, Agricultural Cooperatives in Denmark and Germany and Service Cooperatives such as Housing and Health in many parts of industrial Europe. These traditions flourished in European countries in the 19th century and spread to other parts of the world in the 20th century. The statement on Cooperative Identity adopted by the International Cooperative Alliance in 1995 formulated, affirmed and welcomed as equals all five of these traditions. The statement on Cooperative Identity speaks about the definition, Values and Principles of Cooperation. The statement was intended to serve equally all cooperatives in all kinds of economic, social and political circumstances. The statement provided a general framework within which all kinds of cooperatives could function. The statement recognized that the International Movement as a unique opportunity to assist in the harmonization of interest among groups of people organized as consumers of food and service, as savers and investors, as producers as workers. It was visualized the statement should foster understanding, joint activities and expanded horizons for all kinds of cooperative endeavour.

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The preservation of cooperative identity vested or rests with the policy makers and leaders. In the Indian context, the Government of India has recognized the National Policy on Cooperatives and also amended the Multi State Cooperative Societies Act. The objective of the National Policy is to facilitate all-round development of the cooperatives in the country. Under this policy cooperatives were to be provided necessary support, encouragement and assistance so as to ensure that they work as autonomous, self-reliant and democratically managed institutions, accountable to their members. The Government of India has enunciated to uphold the distinct identity of cooperatives, its values and principles by providing an appropriate environment and taking the required administrative and legislative measures. The State Governments are also bringing changes in their respective State Cooperative Societies Act. Once the State comes out with the liberalized Act, it is left to the leaders to preserve the identity of the cooperatives.

Cooperation has been a state subject since 1919. The State Governments have their own Cooperative Societies Acts / Rules. The Cooperative Federation / Union of the state level is to act as spokesman of the cooperative movement. The leaders of the Cooperative Federation / Union at state, district, taluk level are supposed to play a key role in preserving the cooperative identity.

Empirical research focusing on the role of Cooperative Federation has not been carried out in the Indian context. A comparison of two States in India i.e. Karnataka and Kerala is undertaken to study the role of leaders in preserving the Cooperative Identity. The reasons for selecting these two States is that in both the states cooperatives have elected boards. Further, Kerala is a state where the movement is dominated by non-officials, whereas in Karnataka the officials as well as non-officials play a prominent role. The objective of the study is to find out the perception of the leaders in preserving the cooperative identity or otherwise. The field survey was undertaken in the State of Karnataka and Kerala, covering 60 non-officials, 30 in Karnataka and 30 in Kerala. The primary

survey covers aspects such as background of the leaders, their perception towards the definition of Cooperatives, role of Government, Registrar of Cooperative Societies and members, accountability and relationship with NGOs and Third Sector Organisations. The collected data was analysed and the findings are presented.

In Kerala the Government as per the Kerala Cooperative Societies Act established the State Cooperative Union and there are 23 members in the Management Committee out of which 2 are Government nominees. The Secretary of the Union is a Government Officer nominated by the Government. The functions of the Kerala State Cooperative Union are

- (a) to organize, assist and generally develop Cooperative Societies
- (b) to carry on cooperative propaganda
- (c) to spread education on Cooperative principles and practices
- (d) to participate in the developmental activities and decentralized planning of the local authorities
- (e) to organize training programmes for the employees of the societies and for the members of the committee and to ensure their participation in such programmes

In Karnataka the State Cooperative Federation is a federation of District Cooperative Union, Apex Federal Cooperatives, Cooperative Sugar Factories, Cooperative Spinning Mills, Cooperatives where the area of operation is two districts. The Governing Council manages the business of the Federation and it consists of 15 members. The Managing Director as well as the Secretary is appointed by the Government and drawn from the Department in both the States. The objects of the Federation among other things are

- (i) To function as the accredited representative of the Cooperative Movement in Karnataka State with a view to further its progress and to safeguard its interests

- (ii) To propagate Cooperative principles and practices for the purpose of ensuring their adoption by all cooperative organizations throughout the State
- (iii) To serve as the exponent of cooperative opinion and function as a focusing center of non-official opinion on various subjects affecting the movement and for representing it in proper forum and to carry on propaganda and create public opinion on such subjects and also advise Government on all matters affecting the cooperative movement.

Thus we find that in Kerala the Cooperative Union is created by the Act whereas in Karnataka it is organized as a federal body. In both the States the Departmental Officers are posted as the Chief Executive. When we look at the functions and the objects specified in the case of Karnataka it appears to be more focused to preserve the Cooperative Identity.

Findings

Background of Leaders:

In Kerala the leaders were either self-employed or connected with the cooperative or private sector whereas in Karnataka majority of them had agriculture as their main occupation (Table: 1).

The educational qualification in Cooperative was very low in Karnataka as well as Kerala. However, it was noticed that majority of the leaders have undergone short-term training in Cooperation and it was comparatively higher in Kerala (Table:2).

Majority of the directors in Kerala as well as Karnataka represent the agricultural credit or non-agricultural credit sector. However in Kerala the respondents in other sectors such as dairy, marketing and housing was more when compared with Karnataka (Table:3).

In Kerala as well as Karnataka about 36.67 per cent of the leaders were connected with the cooperative movement for the last 14 years. In Karnataka majority of the leaders were associated with the movement for a period ranging from 14 to 34 years. In Kerala about 10 per cent of the leaders were associated with the cooperative movement during the last 4 years. From this it appears in Kerala the new generation is taking up the leadership in cooperatives (Table:4).

Majority of the leaders had association with political parties and it was very high in Karnataka. In Kerala a few leaders were associated with religious associations, scientific cultural associations trust and NGOs (Table:5).

PERCEPTION

Autonomous Association of Persons:

83.34 per cent of the respondents in Karnataka wanted complete independence in decision making while in Kerala it is 53.33 per cent. In Kerala about 41.94 per cent felt that cooperatives should make adjustments to accommodate public policies (Table:6).

Voluntarism:

Majority of the leaders in Karnataka as well as Kerala favoured free entry and exit. About 27 per cent of the leaders in Karnataka as well as Kerala favoured free entry but a condition on exit. A few leaders favoured automatic membership to weaker sections (Table:7).

Economic and Cultural Association:

Majority of the leaders in Karnataka felt that activities should be confined to members while in Kerala majority wanted to extend benefit to non-members. Majority of the leaders in both States wanted to focus on social and cultural activities (Tables:7 A & B).

Jointly owned and democratic Management:

Majority of leaders in Karnataka and Kerala are having faith in the democratic form of management, which is practiced through one member one vote system. It shows positive attitude of the leaders towards Cooperative Identity (Table: 8).

Enterprise:

A few leaders in both the States were of the opinion that a cooperative should aim for profit like other business. 50 per cent of the leaders and 26.66 per cent felt income should be earned to cover cost and leave some surplus in Kerala and Karnataka respectively. 26 per cent of the leaders in Kerala and 23.34 per cent of the leaders in Karnataka favoured maximizing the benefit to member without considering cost (Table: 9).

Self-Help:

Majority of the leaders in both the States wanted the Cooperative to function on the principles of self-help and mutual aid. A few leaders were in favour of availing external aid. In Karnataka as well as Kerala a few leaders wanted external aid without affecting autonomy and independence (Table:10).

Power of Government:

Majority of the leaders in both the States were against supersession and nomination to the board by Government. It is interesting to note that majority of the leaders favoured Government directives (Table:11).

Power of RCS

In case of Kerala the leaders have favoured the Power of RCS relating to prior approval on operational decision, accounts and audit and appointment of returning officer and they did not favour the Power of RCS relating to vetoing / rescinding the resolution. In the case of Karnataka, the leaders are not in favour of Power of RCS relating to prior approval for operational decision and vetoing / rescinding the resolution. However, they have favoured the decision of RCS

relating to accounts and audit matter and appointment of Returning Officer (Table: 11).

Relationship with NGO and Third Sector:

The leaders were asked to express their opinion about the nature of relationship with NGO and Third Sector as they are emerging as one of the powerful organizations at the grass root level. The leaders were against the Cooperatives identifying with NGOs and the percentage was very high in Karnataka. The leaders both in Karnataka as well as in Kerala were against considering SHGs and NGOs as Cooperatives. In Karnataka majority of the leaders were in favour of giving weightage to SHGs and voluntary agencies. Majority of the leaders were optimistic that SHGs and NGOs will become a formal organization. In Karnataka the leaders were for promoting SHGs in Cooperatives whereas in Kerala majority were against the formation of SHGs by Cooperatives. In Karnataka majority of the leaders recognized that the Cooperatives can learn from voluntary agencies while in Kerala only 43 per cent of the leaders recognized the same (Table:12).

Member Oriented Organisation:

The leaders were asked to express how cooperative can be made as a member oriented organization. The leaders in both the States opined that the voting rights should be limited to one member one vote to retain the cooperative identity. They were in favour of the concept of active member and felt that their participation in the business of the Society should be the criteria for active membership. The leaders were against imposing penalty for making them to be active. However, they suggested for providing incentive. A few members expressed that inactive members should be expelled so that the cooperative institution will serve the purpose for which it is organized.

Accountability of Board towards members:

All the leaders were of the view that the board meeting should be convened regularly. The leaders in general felt that it is the prerogative of the board to decide about election. The leaders expressed the view that all information in general and information relating to Audit Report, Amendment of Bye-laws, Annual report and election in particular are to be placed at the General Body meeting.

Each sector of our economy whether it may be public, private or cooperative has its own distinct identity in terms of objects and purpose, organizational framework and management pattern, responsibility towards members, stakeholders and community, etc. The study used various attributes that have a bearing on cooperative identity and it was observed that the cooperative identity as advocated by ICA is being observed. However, to ensure that the cooperative identity is completely kept in tact to withstand competition legislative reforms and attitudinal transformation among the leaders is required.

Reference:

1. Bye-Laws of Karnataka State Cooperative Federation, Bangalore.
2. Ian MacPherson (1995) Cooperative Principles for the 21st Century.
3. Mohanan P N (2005) Cooperative Societies Laws in Kerala, Ernakulam.
4. National Cooperative Union of India (1996) Statement on Cooperative Identity, New Delhi.



TABLE - 1
OCCUPATION

Occupation	KERALA	KARNATAKA
Agriculturist	7 (23.33)	21 (70.00)
Artists	-	01 (3.33)
Self Employed	8 (26.67)	-
Professional	-	03 (10.00)
Private Sector	3 (10.00)	01 (3.33)
Cooperative	4 (30.33)	04 (13.34)
Others	8 (26.67)	-
Total	30	30

[Figure in parenthesis denotes percentage]

TABLE - 2
QUALIFICATION

Occupation	KERALA	KARNATAKA
Post Graduate	1 (3.33)	01 (3.33)
Degree	1 (3.33)	08 (26.67)
Diploma in Cooperation	3 (10.00)	-
Certificate Programme	1 (3.34)	01 (3.33)
Short-term Training in Cooperation	15 (50.00)	09 (30.00)
Others	9 (30.00)	11 (36.67)
Total	30	30

[Figure in parenthesis denotes percentage]

TABLE - 3**SECTOR REPRESENTED**

SECTOR	KERALA	KARNATAKA
Credit	15 (50)	12 (40)
Dairy	7 (23.33)	5 (16.67)
Consumer and Marketing	2 (6.67)	4 (13.33)
Housing	2 (6.67)	4 (13.33)
Others	4 (13.33)	5 (16.67)
Total	30	30

[Figure in parenthesis denotes percentage]

TABLE - 4

LENGTH OF SERVICE

Length of Service	KERALA	KARNATAKA
0-4	3 (10.00)	-
4-14	11 (36.67)	11 (36.67)
14-24	9 (30.00)	14 (46.66)
24-34	4 (13.33)	03 (10.00)
34-44	3 (10.00)	02 (6.67)
Total	30	30

[Figure in parenthesis denotes percentage]

TABLE - 5**NATURE OF ASSOCIATION OF LEADERS**

Particulars	KERALA	KARNATAKA
Caste	-	04 (13.34)
Religious Associations	2 (6.67)	02 (6.66)
Scientific and Cultural Association	2 (6.67)	-
Environmental Group	-	02 (6.66)
Political Organisation	9 (30.00)	12 (40.00)
Trade Union	3 (10.00)	-
NGOs	2 (6.66)	-
Economic, Professional Association	-	10 (33.34)
Not mentioned	12 (40.00)	-
Total	30	30

[Figure in parenthesis denotes percentage]

TABLE - 6

PERCEPTION – AUTONOMOUS ASSOCIATION OF PERSONS

Particulars	KERALA	KARNATAKA
Complete independence in decision-making	16 (53.33)	25 (83.34)
Adjustments to accommodate public policies	13 (41.94)	02 (6.66)
Toe with public policy even if it hurt	1 (3.33)	03 (10.00)
Total	30	30

[Figure in parenthesis denotes percentage]

TABLE - 7
PERCEPTION – VOLUNTARISM

Particulars	KERALA	KARNATAKA
Free Entry and Exit	18 (60.00)	15 (50.00)
Entry Free and condition on Exits	08 (26.67)	08 (26.66)
Automatic membership to weaker section	04 (13.33)	07 (23.34)
Disagree for the above	-	-
Total	30	30

[Figure in parenthesis denotes percentage]

TABLE – 7A

PERCEPTION – MEMBER ACTIVATOR

Particulars	KERALA	KARNATAKA
Activities confined to members	6 (20)	15 (50)
Extend benefits to Non-members	21 (70)	12 (40)
Disagree	3 (10)	03 (10)
Total	30	30

[Figure in parenthesis denotes percentage]

TABLE – 7 B

PERCEPTION – ECONOMIC AND CULTURAL ASSOCIATION

Particulars	KERALA	KARNATAKA
Focus only on Economic Activities	04 (13.33)	05 (16.66)
Focus not on cost even it undertakes Social and Cultural Activities	25 (83.33)	19 (63.34)
Disagree	01 (3.34)	06 (20)
Total	30	30

[Figure in parenthesis denotes percentage]

TABLE - 8

PERCEPTION – JOINTLY OWNED AND DEMOCRATICALLY MANAGED

Particulars	KERALA	KARNATAKA
Equal control over Cooperative – one member one vote	26 (86.67)	23 (76.66)
Vote linked to volume of business	01 (3.33)	-
Balancing of the above two	-	05 (16.67)
Disagree	01 (3.33)	02 (6.67)
Not mentioned	02 (6.67)	-
Total	30	30

[Figure in parenthesis denotes percentage]

TABLE - 9

PERCEPTION – ENTERPRISE

Particulars	KERALA	KARNATAKA
Aim for Profit like other business	04 (13.33)	11 (36.66)
Earn income to Cover Cost and leave some surplus	15 (50.00)	08 (26.66)
Maximize the benefit to member without considering the cost	08 (26.67)	07 (23.34)
Disagree	03 (10.00)	04 (13.34)
Total	30	30

[Figure in parenthesis denotes percentage]

TABLE - 10**PERCEPTION – SELF HELP**

Particulars	KERALA	KARNATAKA
Work on the principles of self-help and mutual aid	18 (60.00)	11 (36.66)
Availing External Aid	04 (13.33)	10 (33.34)
Avail External without affecting autonomy and independence	05 (16.67)	06 (20.00)
Disagree	03 (10.00)	03 (10.00)
Total	30	30

[Figure in parenthesis denotes percentage]

TABLE – 11

NATURE OF RELATION WITH GOVERNMENT/REGISTRAR

Particulars	KERALA			KARNATAKA		
	Required	Not Required	Total	Required	Not Required	Total
A. Power of Govt.						
1. Supersede the Board	8 (36.36)	14 (63.64)	22 (100)	11 (36.66)	19 (63.34)	30 (100)
2. Give directives	19 (86.36)	03 (13.64)	22 (100)	11 (36.66)	19 (63.34)	30 (100)
3. Nomination in the Board	04 (18.18)	18 (81.82)	22 (100)	8 (26.66)	22 (73.34)	30 (100)
Total with %	31 (46.97)	35 (53.03)	66 (100)	30 (33.33)	60 (66.64)	90 (100)
B. Power of RCS						
1. Prior approval for operational decision	14 (63.64)	08 (36.36)	22 (100)	11 (36.66)	19 (63.34)	30 (100)
2. To rescind Veto the Coop. Resolution	07 (31.82)	15 (68.18)	22 (100)	5 (16.66)	25 (83.84)	30 (100)
3. To audit the Accounts	18 (81.82)	04 (18.18)	22 (100)	22 (73.34)	8 (26.66)	30 (100)
4. To appoint Returning Officer	18 (81.82)	04 (18.18)	22 (100)	19 (63.34)	11 (36.66)	30 (100)
Total with %	57 (64.77)	31 (35.23)	88 (100)	57 (47.50)	63 (52.50)	120 (100)

[Figure in parenthesis denotes percentage]

TABLE - 12

RELATIONSHIP OF COOPERATIVE WITH THE NGO AND THIRD SECTOR

Particulars	KERALA			KARNATAKA		
	YES	NO	TOTAL	YES	NO	TOTAL
Identify themselves with voluntary Agency and Ngo	8 (36.36)	14 (63.64)	22 (100)	8 (26.66)	22 (73.34)	30 (100)
Cooperative should consider Voluntary Agency and NGO	10 (45.45)	12 (54.55)	22 (100)	14 (46.66)	16 (53.34)	30 (100)
Strive to make SHG and Voluntary Agencies into formal sector	13 (59.09)	09 (40.91)	22 (100)	15 (50)	15 (50)	30 (100)
Decentralize and decision making and promote SHG	07 (31.82)	15 (68.18)	22 (100)	19 (63.33)	11 (36.67)	30 (100)
Learning from voluntary Agency	10 (45.45)	12 (54.55)	22 (100)	21 (70)	9 (30)	30 (100)
Total with %	48 (43.64)	62 (56.36)	110 (100)	77 (51.33)	73 (48.67)	150 (100)

[Figure in parenthesis denotes percentage]