

## **ROLE OF COOPERATIVE MOVEMENT IN ECONOMIC DEVELOPMENT**

**Shri: S.A.Sidhanti.**

**Regional director**

**Regional institute of Co-operative Management Bangalore**

**Backdrop**

In India, Cooperatives are the oldest form of financial intermediation in rural areas, but its contribution is evident in other areas too. The Indian Cooperative Movement is the largest in the World, representing 25 Crore members and over 6 lakh Cooperatives from village to National level, covering various sectors like credit and banking, fertilizer, sugar, dairy, marketing, consumer goods, handloom, handicraft, fisheries, tribal development, labour, housing etc.,

The Cooperative Movement originated against rural poverty, aggravated by chronic indebtedness of farmers due to various practices of money lenders. This coupled with the agrarian disturbances led to the concept of cooperative approach through Credit Societies over a hundred years ago. The Cooperatives emerged as an association of persons, united voluntarily to meet with their common economic needs and aspirations through jointly owned democratically controlled enterprise based on moral principles of self-help, self- responsibility, equality and solidarity.

The movement grew in numbers and diversified into many subsectors. In case of Dairy Cooperatives, more than 45,000 societies and nearly 60 lakh members have been the channels for the success of operation flood in the Country and have enabled lakhs of poor farmers to come out of the poverty trap. Similarly, in the Textile Industry, Cooperative Spinning Mills and Weavers Cooperative Societies have helped to prevent exploitation of lakhs of weakness. Many of the grassroots cooperatives, including credit cooperatives, are facing rough weather. This however does not imply that the relevance of cooperatives is on the decline. In fact, Cooperatives as a form of business organization have been attracting an increasing attention both at the policy and operations level. Dynamic models like producer companies, producer organizations, farmer organizations which are essentially cooperative in character, but with driven by market

orientation, are being tried out. This implies that the cooperative form of business still has a place in the globalised World.

The intellectual appeal for the cooperatives is universal and for all times to come. The United Nations General Assembly has declared 2012 as the International Year of Cooperatives. This is in recognition of the contribution of cooperatives, to socio-economic development, in particular recognizing their impact on poverty reduction, employment generation and social integration. As United Nation Secretary General Ban – moon put it “Cooperatives are a reminder to the International Community that it is possible to pursue both economic viability and social responsibility.”

Cooperatives seem to be fading away from the Agricultural Credit scene as reflected by their declining share in the Institutional Credit. Even after the entry of Commercial Banks and RRBs in the 1970, cooperative continued to provide significantly large position of agricultural credit for nearly two decades. Until early 1990's, Cooperatives provided almost 62% of the agricultural credit in the Country, but over the years the cooperative's credit flow share is on the decline to 25% in Xth Five Year Plan and further reduced to 16% in XIth Five Year Plan.

At present, rural infrastructure which serves 70% of the population, do not get the attention it deserves. Similarly, the cooperative which are the backbone of the agricultural and rural economy, hardly receive any attention in terms of government spending. Cooperatives have the capability to revive the Rural India. It can create joint opportunity and various kinds of small micro enterprises for the local areas in the non-farm sector to reverse the migration by making rural living more attractive with access to amenities for the community. Cooperatives can create stable livelihood in rural areas and act as catalyst of inclusive and sustainable growth.

The State of Karnataka is the 8<sup>th</sup> biggest State in the Country with a population of 5.28 crores of which 66% is the rural population. There are 35,502 Cooperative Societies with 2 crores membership, of which 30,963 societies are working. The total Working Capital is Rs. 41,355 crores. The number of Cooperative Societies under profit are 19,318 and number of societies under loss are 15,545.

The Short-term and Medium-term loans are provided to the farmers by a three-tier system through Karnataka State Cooperative Apex Bank, 21 DCCBs and 4,464 PACs. Similarly, the long-term loans are made available from Karnataka State Cooperative Agricultural and Rural Development Bank (KSCARDB) through Primary Cooperative Agricultural and Rural Development Bank at taluka level. The loan are being provided with their own funds and refinance from NABARD.

The non-agricultural finance is made available by the Urban Banks Credit Cooperative Societies in the State. The Urban Cooperative Banking Sector in the State has achieved a tremendous progress in the banking sector and acquired third place.

### **INDIAN COOPERATIVE MOVEMENT AT A GLANCE : 2007-2008**

(Value Rs. In million)

<b>Number of Cooperatives (All level)</b>	5,95,215
Primary Agrl. And Credit Cooperatives	1,50,593
Primay Non- Credit Cooperatives (Al types)	4,41,125
<b>Membership of Cooperatives (Grass root coops)</b>	249,248 Million
Membership of Primary Agrl/Credit Cooperatives	183.369 Million
Membership Primary Non-Credit Cooperatives	65.879 Million
<b>Share Capital (All level and All Types)</b>	Rs.3,37,192.6
Share Capital of Primary Credit Cooperatives	Rs.1,76,794.9
Share Capital of Primary Non-Credit Cooperatives	Rs.67,250.6
Govt. Participation in Primary Credit Cooperatives	4.39%
<b>Working Capital (Credit + Non Credit)</b>	Rs. 59,74,972.4
? Reserves	Rs.5,46,240.7
? Deposits	Rs.34,85,480.4
? Villages covered by Cooperatives	97%
? National Level Coop. Federations	21
? State Level Coop. Federations	386
? District level Cooperative Federations	3,111

<b>Agricultural Credit</b>	2006-2007	2007-2008
? Production Credit Advance (ST+MT)	4,07,959.6	4,73,897.5
✍ Short Term (ST)	88,167.9	1,02,527.3
✍ Medium Term (MT)	31,881.2	20,211.0
? Investment Credit Advanced (LT)	5,28,008.7	5,96,635.8
? Total Loans Advanced (ST+MT+LT)		

**SHARE OF COOPERATIVES IN NATIONAL ECONOMY** Percentage (%)

Rural Network (Villages Covered)	97
Agricultural Credit Disbursed by Cooperatives	19
Fertiliser Distributed	36
Fertiliser production (3.169 Lakh MT Nutrient)	26.3
Sugar Produced (6.418 Million Tonnes-As on 31 March 2009)	46.6
Capacity Utilisation of Sugar Mills (As on 31 March 2009)	59.8
Wheat Procurement (6.926 Million Tonnes)	33.5
Animal Feed Production / Supply	50
Retail Fair Price Shops (Rural + Urban)	20.3
Milk Procurement to Total Production	8.19
Milk Procurement to Marketable Surplus	10.5
Ice Cream Manufacture	45
Oil Markete4d (branded)	49
Spindleage in Cooperatives (3.534 Million)	10.3
Handlooms in Cooperatives	54
Fishermen in Cooperatives (active0	23
Rubber Procured and Marketed	18.5
Arecanut Processed and marketed (3.6665 lakh tones)	15
Salt Manufactured (18,266 Metric Tonnes)	7.6
Direct Employment Generated	1.22 Million
Self-Employment Generated for persons	15.47 Million