



Karnataka State Souharda Federal Cooperative Ltd.

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WELCOME
FOR THE PRESENTATION ON
“AUTONOMOUS COOPERATIVES
ARE A REALITY”

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AUTONOMOUS COOPERATIVES ARE A REALITY

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Historical Backdrop on Cooperative Autonomy

Cooperatives all over the world came into existence owing to the market failure and state failure from the exploitation of human beings and people left to mend themselves by coming together to ease some of their economic problems.

Gandhiji's vision was to make villages economically self reliant and socially enlightened through cooperation.



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- Visualization of 'Cooperative Commonwealth' was suitable and ideal economic development model.
- The panchayat symbolizes policy democracy and cooperative economic democracy, which would be ideal to strengthen democratic character of planning and sustain in the lay run the process of economic development.
- The **Morarji Desai** Government formulated a new National Cooperative Policy in 1977, indicating cooperative movement to be built up as autonomous and self reliant movement.



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- The **Atal Bihari Vajpayee** Government designed National Cooperative Policy 2002 recognizes as a distinct economic sector limited role of government confining to elections and safeguarding interests of the members.
- The subsequent National Cooperative Policies of 1977 and 2002 were not substantially different from the National development Council resolution.
- In India, cooperative sector was a sponsored movement at the initiative of the government.

COOPERATIVE AUTONOMY IN INDIA – STATUS

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- The legal framework of cooperatives in India gave absolute power to the `Registrar' and leaving the cooperatives at the foot-steps of the government. Hence, there was a need to facilitate the cooperatives to function without undue interference from the government.
- Meanwhile, the Planning Commission appointed another Committee under the Chairman of **Choudhary Brahm Perkash** in 1990 to study the problems of Cooperatives and suggest a model cooperative law also besides other remedies.

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- The Government of Karnataka also brought an enactment in 1997 called “The Karnataka State Souharda Sahakari Act”, focused on voluntary formation, wholly owned and controlled by members, non-interference of government in the functioning of cooperatives except registration. Thus, the act enable the cooperatives registered under this act as true cooperatives to function as member controlled (owner) and user driven (User). At present, there are 5000 Souharda Cooperatives and 50 lakhs members in Karnataka.

KARNATAKA STATE SOUHARDA COOPERATIVE ACT 1997 - Provisions on Cooperative Autonomy

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Statement of objects and reasons of Karnataka State Souharda federal Cooperative Ltd.,

Act 17 of 2000.- The Karnataka Souharda Sahakari Bill, 1997 among other things provide for,

- (1) the recognition, encouragement and voluntary formation of co-operatives based on self help, mutual aid, wholly owned, managed and controlled by members as accountable, competitive, self-reliant and economic enterprises guided by co-operative principles specified therein;

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- (2) removing all kinds of restrictions that have come to clog the free functioning of the co-operatives and the controls and interference by the Government except registration and cancellation;
- (3) promotion of subsidiary organisation, partnership between co-operatives and also collaboration between co-operatives and other institutions;
- (4) registration of co-operatives, union co-operatives and Federal Co-operative in furtherance of the objectives specified above;

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(5) conversion of co-operative societies registered under the Karnataka Co-operative Societies Act, 1959 as a co-operative under the proposed legislation.

A) Under the Karnataka state Souharda Cooperative Act 1997, the role of Registrar is limited to registration, disposal of dispute and liquidation.

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B) Provisions of Autonomy in the BYE-LAWS of the SOUHARDA COOPERATIVES of Karnataka.

The bye laws of Souharda Cooperatives have been designed to provide utmost autonomy in the day to day functioning of the cooperative societies in respect of the following:

- Aims and objectives.
- Membership
- Duties and responsibilities

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- Maximum share limits
- Powers of the General Body
- Powers of the Board of the Directors
- Directors allowances
- Formation of sub committees
- Cadre in strength and pay scales
- Appointment of auditors.

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C) Karnataka State Souharda Federal Cooperative formation.

Constitution, functions and management of Federal Cooperative.-

- (1) There shall be a Federal Co-operative in the State. All Co-operatives registered under this Act shall be the members of such Federal Co-operative.

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(2) After the registration of fifty co-operatives under this Act, the Registrar shall frame the bye-laws of the proposed Federal Co-operative and take steps to register the Federal Co-operative and its bye-laws: Provided that till the assumption of office by the first Board, the Registrar shall exercise the powers and perform the functions of the Federal Co-operative under this Act.

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- (3) Where the Federal Co-operative is registered under this Act, the Registrar shall issue a certificate of registration signed by him which shall be conclusive evidence that the Federal Co-operative is duly registered as such under this Act.
- (4) The Federal Co-operative registered under this Act shall be a body corporate having perpetual succession and a common seal with power to hold property, enter into contracts, institute and defend the suits and other legal proceedings and to do all things necessary for the purposes for which it was constituted.

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(5) The Federal Co-operative shall immediately after its registration adopt its bye-laws framed by the Registrar. Any amendments of the bye-laws shall be in accordance with the procedure specified in Section 11 and such amendment of bye-laws shall come into force on the date it is 1[approved by the Registrar.]

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Functions of the Souharda Federal Cooperative

The formation of Karnataka State Souharda Federal Cooperative Ltd. (KSSFCL), under the aegis of **The Karnataka Souharda Sahakari Act – 1997**, has been a *unique structure in the Indian Cooperative movement*, wherein the statutory elected body for the Management of Federal. The KSSFCL has been formed as per provisions of the KSS Act, 1997 itself & it continues to strengthen the Souharda Cooperative movement in Karnataka.

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The Souharda Cooperatives enjoy functional autonomy in design and implementation of their Business plans, customer service activities, etc based on the needs of their members. Unlike other forms of cooperatives in India, the interference of State / Central in day-to-day operations of Souharda Cooperatives is almost minimal.

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The KSSFCL has been successfully working through its one **Head Office at Bangalore** and four **Divisional Offices at Belgaum, Gulbarga, Bangalore & Mysore** for effective administration and professional management of its member cooperatives. Separate court sanctioned by State government for Souharda Co-operatives for resolution of disputes.

AUTONOMY IN KARNATAKA SOUHARDA COOPERATIVE SOCIETIES IN PRACTICE – ANALYSIS

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In order to understand and trace out the practice of autonomy in the Karnataka Souharda Cooperative Sector, an empirical study was undertaken in all the four divisions of Karnataka and 120 members were interviewed in six selected societies, spread across six areas namely; Bangalore, Shivamogga, Belagavi, Udupi, Raichur and Sirsi.

The Primary Data for the purpose of study was obtained from 120 members from 6 selected societies from four divisions of Karnataka covering 6 places as referred earlier.

FINDINGS AND SUGGESTIONS

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FINDINGS:

54 percent of members were influenced by friends, followed by 28 percent on their own and 18 percent through their relatives, highlighting the presence of cooperation in the community.

48 percent of members held least number of shares (1 to 10 shares), 13 percent held in the range of 51 to 100 shares, 17 percent held 100 and above shares, indicating diversified nature of members and showing the presence of needy members, supported by well to do members.

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52 percent of members have kept deposits up to Rs. 10,00,000, while 3 percent kept deposits Rs. 31,00,000 and above. However, 43 percent have not kept any deposits. It is found that heterogeneous nature of economic status among members, a challenge for autonomy.

39 percent of members have obtained loans up to Rs. 10,00,000, while 7 percent obtained loans in the range of Rs. 11 to 20 lakhs. However, 52 percent members have not obtained any loan, highlighting varied economic status demanding cooperation among members on equality basis so as to create autonomy.

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SUGGESTIONS

- The composition of members should be encouraged from different sections of community irrespective of caste, creed and religion.
- The members be given motivation to keep deposits especially from lower income group so as to create habit of savings and thrift.
- The cooperative leadership to be built up with ethical and moral values with selfless character, so as to reduce influence and power of few people.
- The members have to be given education in respect of byelaws and activities of the societies.

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- The amendments have to be made after discussing the objectives and need in the Annual General Meeting is with knowledge of members.
- The members be given exposure to visit to successful cooperative societies, so as to learn the techniques and tactics of managing their societies with autonomous character.
- The Board of Directors along with administrative personnel have to be model in treating member as their family members with cooperative character, so as to conceive the `autonomy in practice`.

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ONE WORD MORE

The vibration and feeling of `AUTONOMY' is emotional atmosphere based on organic operations with ethical leadership on perpetual basis, keeping the welfare of members in particular and community at large, demonstrating selfless sacrifices towards humanity and environment.



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