

Progressive Growth trends and Innovative Business Practices of Karnataka State Souharda Federal Cooperative Ltd. (KSSFCL)

1. Brief history of Cooperative movement in India

Since the beginning of mankind the concept of 'co-operation' has been the foundation for harmonious existence. Mahatma Gandhi once said that "Co-operatives are the gateway for economical development". By effectively implementing this philosophy *Karnataka State Souharda Federal Cooperative Ltd (KSSFCL)*, has successfully achieved an environment that is conducive for the growth Souharda Co-operatives in Karnataka, India.

In India, as early as 1st century, Shathavahanas adapted the concept of co-operation in the daily life of people. The great economic exponent Acharya Chanakya has propounded the necessity of the cooperative philosophy even in the delivery of justice. The 'principle of cooperation' has been the essence of human civilization and way of life through ages, especially in India.

In 1844, "Rockdale Society of Equitable Pioneers' became the cooperative initiative formed under any cooperative law in the world. In India, it was on 25th March 1904 the Co-operative Credit Societies Act 1904, came into existence. On 8th May 1905, a 12-member society called 'Agriculture Credit Cooperative Society' that came into existence under the leadership of Shri Siddannagouda S. Patil at Kanaginahala village in the present district of Gadag in Karnataka, the 1st cooperative society in the country. However, this act was limited to agriculture credit cooperative societies. To overcome this limitation, The Co-operative Societies Act 1912 was formed to include other activities of cooperative, which became the model for the provincial governments to form their own cooperative acts.

Post-Independence, various state governments framed their own independent Cooperative Acts and the Central Government its Multi-State Cooperative Act. Accordingly, Karnataka State Cooperative Societies Act, 1959 (KSCS Act, 1959) has been in practice.

A Panchayat, a Cooperative society and a School for every village were considered as the three pillars of the integrated community development. As time passed by, other aspects were included into the Cooperative act thus heralding the resurgence of a new era in cooperative movement.

2. **Heralding of new era with “The Karnataka Souharda Sahakari Act, 1997(KSSA, 1997)”**

The state and the central governments were investing millions of rupees in the form of shares, grants, subsidy, contributions, government support, etc but the expected results couldn't be achieved in cooperative movements. This condition continued almost until early 1980s.

Keeping this in mind, the Central Government setup a committee under the Chairmanship of Shri Ardhanarishwaran, which submitted its report in 1987. It attributed the failure of the cooperative movement to the excessive interference of the governments. It is also true that the unabated party politics in the co-operative movement is also a big hindrance to its progress.

Realizing the vital role of the cooperative movement in the progress of the society, the Central Planning Commission set up a committee by appointing Shri Chaudari Brahma Prakash as its head & with a task of drafting a 'Model Cooperative Act' which will prevent interference of the governments. This committee, after a detailed study of the Cooperative Acts of various states, drafted a 'Model Cooperative Act' in 1991 and Central Government recommended the state governments to adopt this.

Accordingly, in 1997 a bill on parallel cooperative act was tabled in the state legislature of Karnataka. Demanding an early approval of this bill by both the houses of Karnataka Legislature, a committee 'Souharda Samvardhana Samithi' under the chairmanship of Justice Rama Jois came into existence. It was due to the combined efforts of Sahakara Bharathi Karnataka and Souharda Samvardhana Samithi, “**The Karnataka Souharda Sahakari Act–1997 (KSSA, 1997)**” was passed in the legislature. With the consent of The President of India, it was enforced from January 2001.

3. **Special Features of Karnataka State Souharda Federal Cooperative Ltd. (KSSFCL), Bangalore**

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 KSSAct, 1997 itself & it continues to strengthen the Souharda Cooperative movement in Karnataka.

When the souharda cooperatives get registered, the Membership to this Federal is automatic along with registration and there is no need not separate application for membership to KSSFCL. The exiting 'Federation' concept of cooperatives becoming members has not been successful on many dimensions, whereas Souharda Cooperatives

getting directly nurtured under 'Federal Structure' has been a successful experiment and it has to be replicated in liberal Act implemented states of India.

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.

Along with this functional autonomy, the **KSSFCL has many special features** viz.,

- (a) Provides customized legal assistance / advice to member cooperatives and formation of new types cooperatives,
- (b) frames model byelaws & economic viability norms for the Souharda cooperatives,
- (c) formulate code of conduct for the member cooperatives for professional management,
- (d) constitute and maintain cooperative education fund to provide continuous/quality education & training to the member cooperatives,
- (e) act as a friend, philosopher & guide for all the Souharda cooperatives, to encourage new types business, undertake innovative initiatives and within specified time,
- (f) inspect, guide & monitor the working of Souharda cooperatives to ensure their success,
- (g) supervise proper conduct of Audit, General Body meetings & election for Board of Directors & Office bearers,
- (h) to undertake all essential activities for promotion & development of Souharda cooperatives,
- (i) conducting the State/national/ International levels study tour for Cooperative Directors, Executives and Staff,
- (j) conducting &/or participating in various State, National and International level workshops, seminars and symposia.

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.

The Head Office is having 37 trained & qualified staff at various levels, while Bangalore, Mysore, Belgaum & Gulbarga Divisional Offices and Souharda Court have 13,10,22,13, and 11 staff, respectively who are working under the guidance & leadership of Managing Director.

4. Progressive growth trends of Karnataka State Souharda Federal Cooperative Ltd. (KSSFCL), Bangalore

An effort has been made here below to consolidate the growth of Souharda Cooperatives in Karnataka under the guidance of KSSFCL, Bangalore.

4.1 Growth trends of KSSFCL & its constituent member Souharda Cooperatives during 2001 & 2019

The growth of Souharda Cooperatives have seen an impressive and fast-track growth in last 18 years, both in volume and variety, which can be seen from Table 1 below:

Table 1 : Growth trends of KSSFCL & its constituent member Souharda Cooperatives in Karnataka during 2001 & 2019

Growth trends, Year-wise	Types / Category of Souharda Cooperatives						Total Souharda Coops.
	Coop. Banks	Credit Coop.	Housing Coop.	Self Help Coop.	Coop. Unions (Okkuta)	Other Cooperatives *	
31 Mar. 2001	18	40	-	8	-	9	75
2001-02	17	43	-	8	-	8	76
2002-03	21	113	1	23	-	14	172
2003-04	22	200	3	56	-	28	309
2004-05	22	277	5	94	-	100	498
2005-06	21	357	5	111	-	128	622
2006-07	19	468	5	139	-	173	804
2007-08	19	574	5	145	-	214	957
2008-09	19	692	5	148	-	266	1130
2009-10	19	826	5	149	-	348	1347
2010-11	19	988	5	153	-	489	1654
2011-12	18	1165	5	156	1	663	2008
2012-13	18	1343	5	156	2	905	2429
2013-14	18	1471	4	156	2	1101	2752
2014-15	18	1701	3	154	2	1287	3173
2015-16	18	2002	3	154	4	1403	3580
2016-17	18	2387	3	154	4	1435	4001
2017-18	18	2680	3	154	4	1461	4320
2018-19	18	2971	3	154	10	1448	4623
* NOTE :	Other Cooperatives includes Multipurpose, Consumer, Educational, Employees, Dairy, Industrial, Agricultural, Labour, etc types of Souharda						

It is clearly evident from the above Table 1 that the Souharda Cooperatives have witnessed significant growth from the financial year 2008-09, thereby indicating the maturity after stabilization and consolidation phase during 2001 & 2007.

4.2 Adoption of Information Technology (IT) to enhance services of KSSFCL

The KSSFCL has been providing updated information through its website www.souharda.coop, apart from the traditional approach of circulars and notices to its member Souharda Cooperatives.

Similarly, the speed of decision making by President, Vice-President & Directors of KSSFCL with Managing Director for implementation has been enhanced by adoption of video-conferencing system, to avoid delay.

It has also been encouraging its constituent members to develop websites for their Souharda Cooperatives, so that the digital reach to the customers and wider presence is possible. Some of the progressive Souharda Cooperatives have already developed their individual websites and sharing updates to their members through adoption of Information Technology, like sms, email. However, there is a need for many more things to be done in this area, considering the profile of customers they will deal with (who are not-so-tech-savvy).

4.3 Special Achievements of Souharda Federal

4.3.1 - E-Stamping Services through Souharda Member Cooperatives

The KSSFCL entered into a Memorandum of Understanding (MoU) with **Stock Holding Corporation of India Ltd (SHCIL)** for facilitation of e-stamping centers across Karnataka through identified locations/ outlets in the month of February 2010. The primary objective was to ensure timely and convenient method of supplying e-stamps for various purposes to the members and general public, who had extreme difficulty in getting genuine stamp papers, in the light of Stamp Paper scam that hit many states, including Karnataka.

As a result of this initiative, a total of **1274 e-Stamping centers / Authorized Collection Centers (ACCs)** are working under the supervision and guidance of KSSFCL today. On an *average, about 70,000 e-stamping papers issued per day*, and almost over 35,000 (or more than 50%) e-stamping papers are issued through our ACCs.

It may be noted that these **1274 e-Stamping centers** cover **30 Districts, 152 Taluks** spread across **372 towns / Tehsils / places** in Karnataka. As per average estimate, about **INR 12.5 million of revenue is being collected everyday** from these **Authorized Collection Centres (ACCs)** across the Karnataka state.

4.3.2 Souharda Federal Started Research and Evaluation Cell to enhance the quality of the activities and bring in new dimension to the functioning of Souharda Co-operatives. Main activities of the cell are - (a) To have the master data of the co operative movement in the country & state. (b) The cell has entrusted the evaluation of Souharda movement & KSSFCL right from its beginning. (c) Depositors Safety Scheme is being constituted for safeguarding

the interest of the depositors. (d) Publishing the special & informative booklets regarding Taxes applicable to Co operatives, High court judgments applicable to co operatives, Co operative Election manual etc.

4.3.3 - Karnataka Government has sanctioned a special Cooperative Court for settlement of disputes in Souharda cooperatives.

5. Important Innovative Business Practice/Uniqueness of some selected Souharda Cooperatives of KSSFCL, Bangalore

The autonomy and flexibility entrusted with the Souharda Cooperatives, through **The Karnataka Souharda Sahakari Act – 1997**, and the strong enabling environment coupled with timely guidance provide by **KSSFCL, Bangalore** has made some of the progressive-thinking Souharda Cooperatives to conceive and effectively implement innovative / unique business practices, and to extend variety of benefits to their customers (which were unheard of in cooperative sector earlier).

Some of these unique & innovative business practices of some selected Souharda Cooperatives in Karnataka are enumerated and briefly presented in Table 4 here below.

Sl. No.	Name of the Souharda Cooperative Institution, Place & District	New / Converted	Year of Regn.	Important Innovative Business Practice / Uniqueness of Souharda Cooperative
1	SUCO Souharda Sahakari Bank Ltd. SUCO Bavan, Moca Road, Gandhi Nagar, Bellary, Dist. Bellary.	Converted from KSCS Act, 1959 to Souharda Coop.	2001	1 st ISO certified souharda bank in South India. Core banking service with advanced up-to-date technologies since 16-March 2001
2.	Vikas Souharda Co-operative Bank Ltd., Hospet, Dist. Bellary.	Converted from KSCS Act, 1959 to Souharda Coop.	2001	Leading Souharda Co-operative Bank with 365 days working from 8.a.m. to 8.p.m (12 hrs/day)
3.	Siddivinayaka Souharda Shakari Ni., Gulbarga, Dist. Gulbarga.	New	2006	Working on 365 days a year to provide Credit & variety of credit+ activities to members & public
4.	Kiran Swasahaya Souharda Sahakari Ni., Sindhanur, Dist. Raichur.	New	2001	Women Self Help Groups activities, purchase of women home made products and marketing.
5.	Sri Arihant Credit Souharda Sahakari Ltd., Borgaon, Dist. Belgaum.	Converted from KSCS Act, 1959 to Souharda Coop.	2002	Leading credit co-operative, crossing INR 2000 million deposits.

6.	Sri Saraswati Credit Souharda Sahakari Ni., Puttur, Dist. South Canara.	New	2001	Leading credit co-operative, serving members by many service oriented activities and non-fund based business income
7.	Kadamba Marketing Souharda Sahakari Ni., Sirsi, Dist. North Canara	New	2005	Purchase of agricultural products from the members farmers and their successful marketing.
8.	Yadagere Souharda Credit Cooperative Ltd., Koppa, Dist. Chickmagalur	New	2004	Leading credit co-operative and sale of agricultural inputs, godown facilities to agricultural products.
9.	Suvidha Vividoddesha Souharda Sahakari Ni., Sagar, Dist. Shimoga.	New	2011	“Supermarket in souharda cooperative sector”, with all modern facilities like in Big shopping malls of private sector.
10.	Siddasiri Pattina Souharda Sahakari Ni., Bijapur, Dist. Bijapur.	New	2006	Leading credit co-operative, serving members by many service oriented activities and non-interest earning business.
11.	Hirekerur Talluka Vidyavardhak Souharda Sahakari Ni., Hirekerur, Dist. Haveri.	Converted from KSCS Act, 1959 to Souharda Coop.	2004	Imparting quality & affordable Education from nursery to college.
12.	Spiceroute Souharda Sahakari Ni., Sirsi, Dist. North Canara.	New	2010	Undertaking Tourism Activities
13.	Swathi Jyothi Mahila Vividoddesha souharda Sahakari Ni., Bangalore, Dist. Bangalore.	New	2007	Focusing on rehabilitation of women sex workers
14.	Samruddi Mahila Souharda Pattina Sahakari Ni., Gowribidanur, Dist. Chikkaballapur.	New	2009	Providing credit & support services for marketing of home made products by women
15.	Shakthi Mahila Swasahaya Souharda Sahakari Ni., Mandya, Dist. Mandya.	New	2006	Entrepreneur development programs and marketing of home made products for women
16.	Kavaledurga Bahu Uddeshi Souharda Sahakari Ni., Thirthahalli, Dist. Shimoga.	New	2010	Credit and special programs (like IAS Coaching), sales of battery operated two wheelers
17.	Surabhi Samskarana mattu Marata Souharda Sahakari Ni., Sagar, Shimoga.	New	2011	Processing & marketing activities
18.	Sri Jyoti Multipurpose Souharda Sahakari Ni., Examba, Dist. Belgaum	Converted from KSCS Act, 1959 to	2003	Has been managing a Supermarket in rural area

		Souharda Coop.		
19.	Sri Siddaganga Vidyasamsthe Employees Credit Souharda Sahakari Ni., Tumkur, Dist. Tumkur.	Converted from KSCS Act, 1959 to Souharda Coop.	2003	A successful employees cooperative society, managed by employees of an Educational institute
20.	Taluk Savayava Krushi Souharda Sahakari Ni., Viraj pet, Dist. Kodagu.	New	2012	Undertaking & promoting organic farming (<i>Savayav krashi</i>) activities

Most of these Souharda Cooperatives have carved a special image and exclusive brand for themselves, with their innovative yet locally relevant business practices, which have benefitted their members in particular and public in general. This trend is catching-up and growing faster with time.

6. Training & Development (T&D) initiatives : Backbone for robust progress of KSSFCL

It is universally well known fact that people development initiatives play a crucial role in the success of any organization, more particularly to that of large organization like KSSFCL with 4623 member organizations (i.e. Souharda Cooperatives).

Having been aware of this challenge, KSSFCL has made conscious and comprehensive efforts in capacity building of their key executives and leaders, who in turn can make a significant impact on the growth of their Souharda Cooperatives.

KSSFCL has been instrumental in planning, organizing and continuous improvement of variety of need-based training programs for various categories of leaders, executives & staff of Souharda Cooperatives, which include customized training & development programs like (a) Presidents, Vice-Presidents & Directors, (b) Chief Executives Officers (CEOs) / Employees, (c) Chartered Accountants, who undertake Audit & inspection and (d) Staff handling E-stamping Centers etc

7. Diploma in Cooperation and Banking Management (DCBM) Distance Education Course.

KSSFCL is doing many education and training activities for the Employees, Office bearers, Presidents, Directors and Members, one day, two days training programme for directors and presidents, 3days short terms training course, 5days, 7days and 10 days courses for employees. These training programmes are being conducted with full attention and with high quality on a regular interval and on need based also.

But as the strength of the souharda cooperatives is growing there was demand from souharda cooperatives of the state to start a **“Diploma Course”** which helps the employees to achieve their efficiency and to get updated the current knowledge, their promotions service confirmation etc.

Accordingly the management of the KSSFCL thought of starting a 6 months **“Diploma Course”** which should help the participants in cooperative, Banking and management sectors.

There is provision in the Karnataka State Souharda Cooperative Act Sec53(7)(b) to provide Training, education and information and propaganda cooperative principles. The proposal was unanimously approached in the Annual General Body Meeting of the KSSFCL held to start a **“ Diploma in Cooperation and Banking Management”** from **1st January 2019**.

Course details	
Duration	6 months
Mode	Distance Education
Target group	Employees of Souharda Cooperatives
Subjects	Paper 1: Cooperative Environment and General Management Paper 2: Cooperative Credit System Paper 3: Basics of Banking Operation Paper 4: Cooperative laws, banking laws and other Allied laws Paper 5 : Accounting and Audit Paper 6 : Information Technology
Education process	<ul style="list-style-type: none"> ➤ 6 subjects each 100 marks 600 marks ➤ 1 case study of 40 marks 40 marks ➤ 3 contact classes includes 60 marks 60 marks ➤ Total marks is- 700
The 1st batch was started on 1st January 2019 and there was intake of 181 students.	

8. Cooperative Governance practices at KSSFCL, Bangalore

8.1 Corporate Governance Vs. Cooperative Governance

If it is “**Corporate Governance in Corporate Sector**”, it should be “**Cooperative Governance in Cooperative Sector**”, particularly in Banks & other cooperatives which deal with public money. Cooperatives, like corporate, should be equally accountable to their member-shareholders and other creditors. They are responsible to safeguard the interest of such stakeholders.

Corporate governance has been defined by Organization of Economic Cooperation and Development (OECD) as involving “*a set of relationships between a company’s management, its broad, its shareholders and other stakeholders.*” It also means setting objectives and attainment of those objectives.

8.2 Desirable Governance practices in Cooperatives

In the corporate sector, governance system is fairly well established by adopting the best practices by companies within the framework of laws and regulations. Indian companies including banks – both in public and private sector – have also adopted appropriate governance system and disclosures are made in this regard in the reports, announcements, communications, etc. to the concerned like shareholders, stakeholders, regulatory authorities like SEBIs, RBI and to Stock Exchanges. *However, cooperative institutions have yet to adopt any governance system, best practices or code of conduct on their own to satisfy the objectives of safeguarding the interest of the concerned – members, creditors, clients and the regulatory authorities.*

Adoption of good **Cooperative Governance** practices in cooperative institutions assume importance for improvement in efficiency, competitiveness, effectiveness, stakeholders’ interest, transparency and accountability, which broadly include the following: (i) Organization’s Philosophy, (ii) Adherence to Cooperative Principles & Identity, (iii) Compliance with provision of Cooperative Law, (iv) Compliance of other Laws / Regulations, (v) Member participation and Member Education, (vi) Reports on works of various Committees *like Executives Committee, Administrative Committee, Finance Committee, Audit Committee, Loans Committees, Grievance redressal Committee, Member-Education and Welfare Committee, etc.* and (vii) Good practices, Innovations, Code of Conduct.

On the overall, the best efforts are being made in this direction to inculcate the Cooperative Governance practices both at KSSFCL level and also at member Souharda Cooperatives

9. Public relations and media communications with Member cooperatives

It has been the constant endeavor of KSSFCL to keep regular communication with its stakeholders, members, policy makers and public. In this regard, KSSFCL has been into publication of monthly magazine entitled “*Swabhimani Sahakari*” (in Kannada, the local language), which has all essential updates required for all parties concerned. Souharda federal is having its Documentary in Kannada, English and Hindi Language.

In addition, to understand the pulse of grass root level needs of members and public at large, KSSFCL is constantly organizing Directors Meetings, Member Meetings, Review Meetings, Annual General Body Meetings, Annual Meeting for Women Cooperatives, etc. This has been one of the successful & member-driven participatory initiatives of KSSFCL.

10. Constitutional Amendments to Cooperative Acts & their implications

Since the development of systematic and organized cooperative movement over decades, the Cooperative Acts have seen many amendments and recent constitutional amendments are no exception to this phenomenon.

- (a) The important provisions made under recent constitutional amendments include
- (b) Restriction on Nominal Membership,
- (c) Professional Directorship in Board and provisions for reservation for SC, ST, OBC & Women Members in the Board,
- (d) All facilities extended to the Directors should be mentioned in the byelaws only,
- (e) Separate Election authority for Election of Cooperatives, both for Board of Directors as well as Office Bearers and even for casual vacancy,
- (f) Audit Panel entrusted to Govt. Audit Department,
- (g) Audit to be completed before September 1,
- (h) Annual Returns to be submitted to Registrar & Federal Cooperative before 30 September,
- (i) Annual General Body Meeting (AGM) of all cooperatives to be complete within 25th September every year: no provision for postponement,
- (j) Monitoring of Education Fund & Managing of the fund utilization for the said purpose,
- (k) No supersession of Board, if there is no government assistance to the cooperatives,
- (l) Restriction on formation of Board on the basis of area of operation (minimum 11 and maximum 21),
- (m) Apex institutions Audit Report should be placed in the Legislative assembly,
- (n) Surcharge provision introduced in case of misappropriation,
- (o) Additional Penalty clauses have been introduced.

It may be specifically noted that majority of these amendments have already been incorporated in **Karnataka Souharda Sahakari Act-1997 (KSSA,1997) & have been in practice for the last 18 years** across all Souharda Cooperatives, hence ensuring people-connect & success.

11. Future prospects & Conclusions for Souharda Cooperative movement in Karnataka

In the nutshell and from the foregoing discussion, it can be observed that Souharda Cooperative movement in Karnataka is here to stay and to make significant impact to lives of its members & public alike, though its more than 4302 member cooperatives, across the Karnataka state.

The Souharda Cooperative movement has bright prospects to serve the society better, since it is in the process of planning & implementing various ambitious plans like

(a) Formation of Federal Souharda Bank to augment members to overcome liquidity problems / sharing of financial resources,

(b) setting-up of 'Union of 13 State Souharda Federals' to strengthen its base,

(c) Adoption of integrated MIS (Management Information System) for all member cooperatives,

(d) 24/7 Helpline (*Souharda Sahayvani*) for enabling members with instant help,

(e) Launching of Health Insurance Scheme to its 1.8 million members in Karnataka, and

(f) Establishment of Educational, Training, Research & Consultancy Institute for Souharda Cooperatives (including offering of Specialized Certificate & Diploma Programs) and

(g) Enhance higher social reach & wider impact by undertaking need-based programs and providing wide publicity / flat form for replication of successful Souharda models in Karnataka at State, Regional, National & International levels.

(h) Empowering each co-operative work as a supermarket for financial products

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Unique Features of Souharda Cooperative Movement in Karnataka (India)

Since the beginning of mankind the concept of 'co-operation' has been the foundation for harmonious existence. Mahatma Gandhi once said that "Co-operatives are the gateway for economical development". By effectively implementing this philosophy *Karnataka State Souharda Federal Cooperative Ltd*, has successfully achieved an environment that is conducive for the growth Souharda Co-operatives in Karnataka.

In India, as early as 1st century, Shathavahanas adapted the concept of co-operation in the daily life of people. The great economic exponent Acharya Chanakya has propounded the necessity of the cooperative philosophy even in the delivery of justice.

In 1844, "Rockdale Society of Equitable Pioneers' became the cooperative initiative formed under any cooperative law in the world. In India, it was on 25th March 1904 the Co-operative Credit Societies Act-1904, came into existence. On 8th May 1905 a twelve member society called Agriculture Credit Cooperative Society that came into existence under the leadership of Shri Siddannagouda Sannaramannagouda Patil at Kanaginahala village in the present district of Gadag. This was the first cooperative society registered under the act in the Karnataka. Then, this act was limited to agriculture credit cooperative societies. To overcome this limitation The Co-operative Societies Act 1912 was formed to include other activities of cooperative. The newly legislated, The Co-operative Societies Act 1912 became the model for the provincial governments to form their own cooperative acts. As time passed by other aspects were included into the Cooperative act thus heralding the resurgence of a new era in cooperative movement.

Post-Independence, various state governments framed their own independent Cooperative acts and the central government its Multi-state cooperative Act. A panchayat, a cooperative society and a school for every village were considered as the three pillars of the community development. By the beginning of the 1950's the absence of the government's active participation in the cooperative movement was felt.

The state and the central governments started investing crores of rupees in the form of shares, grants, subsidy, contributions, and so on. In spite of which the co-operative movement did not yield expected results. This condition continued for the next two to

three decades. Keeping this in mind the Central Government setup a committee under the Chairmanship of Shri Ardhanarishwaran. This committee submitted the report in 1987. It attributed the failure of the co-operative movement to the excessive interference of the governments. It is also true that the unabated party politics in the co-operative movement is also a big hindrance to its progress.

Realizing the vital role of the cooperative movement in the progress of the society the central planning commission set up a committee with task of drafting a model Co-operative Act which will prevent interference of the governments, appointing Shri Chaudari Brahma Prakash as its head. This committee after a detail study of the co-operative acts of various states drafted a model co-operative act in 1991. The Central government recommended the state governments to adopt this. In 1997 a bill on parallel co-operative act was tabled in the state legislature of Karnataka. Demanding an early approval of this bill by both the houses of Karnataka Legislature, a committee Souharda Samvardhana Samithi under the chairmanship of Justice Rama Jois came into existence. It was due to the combined efforts of Sahakara Bharathi Karnataka and Souharda Samvardhana Samithi, The Karnataka Souharda Sahakari Act - 1997” was passed in the legislature. With the consent of The President of India, it was enforced from January 2001.

Statement of objects and Reasons of Souharda Act

ACT 17 OF 2000:- The Karnataka Souharda Sahakari Bill 1997 among Other things provide for,

- (1) The recognition, encouragement and voluntary formation of cooperatives 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;
- (2) Removing all kinds of restrictions that have come to clog the free functioning of the cooperatives and the controls and interference by the Government except registration and cancellation ;
- (3) Promotion of subsidiary organizations, partnership between co-operatives and also collaboration between cooperatives and other institutions;
- (4) Registration of co-operatives, union co-operatives and Federal co-operative in furtherance of the objectives specified above;

(5) Conversion of cooperative societies registered under the Karnataka Cooperative Societies Act 1959 as a co-operative under the proposed legislation.

The Karnataka State Souharda Federal Cooperative Ltd Bangalore

The federal cooperative or *The Karnataka State Souharda Federal Cooperative Ltd* was established in compliance to the requirements under this new act. It is entrusted with the responsible work of supervision by issuing statutory guidelines for the better working of the souharda co-operatives in the state. The objective of the Souharda cooperative Act is to provide business freedom to the cooperatives. The duties and responsibilities of this Souharda Federal Cooperative is in the direction of bringing them under the above intention.

‘Responsible member, self-monitoring and proactive programs’ are the fundamental aspects of Federal Co-operative. India’s only elected constitutional entity, the Federal Cooperative’s mandate is to supervise, motivate and facilitate developmental activities among the Souharda co-operatives.

The past Chairmen of the Federal Co-operative, Shri Manohara Maski and Shri Vishwanatha Hiremath, Shri S. R. Satishchandra ,Shri Gurunath Jantikar and the present Chairman Sri. B.H. Krishna Reddy are instrumental in effective functioning of the Souharda co-operative, who by using advanced technology have achieved fast, flawless operation, and many other innovative initiatives. Till now over 40 co-operative leaders have served Federal Co-operative as Directors. The contribution of the committed staff in the growth of Federal Co-operative is also valuable.

The Federal Co-operative has in its fold over 4623 co-operatives that include credit co-operatives, urban cooperative banks, multipurpose co-operatives, self-help co-operatives, house building co-operatives, consumer co-operatives, education cooperatives and others from diverse fields. Over 80% of these co-operatives have been registered under the new Souharda act and the rest were converted from the old act. The success of the Souharda Sahakari act is evident from the fact that more and more number of co-operatives are being registered under this act.

The Federal Co-operative is successfully discharging its duties in bestowing Souharda Co-operatives, most required operational freedom and bringing them under a disciplined self-regulation. As per the mandate of The Souharda Sahakari Act, Federal Co-operative can draft model by-laws, determine the standards of financial

stability of Souharda Co-operatives, can do inspection of the member co-operatives, formulate model code of conduct, encourage new co-operatives with diverse initiatives, transact and deliver services on behalf of the member co-operatives, ensure that the general body meetings are held on time and financial audits are done as per prescribed norms.

Federal Co-operative can exercise powers including that of annulment of the board of directors of the member co-operatives in case of violation of act and byelaws by any member co-operatives. The torch bearer of Souharda Co-operative movement in Karnataka, Federal Co-operative is taking a number of necessary statutory actions and proactive steps. The facilitation of e-stamping business by co-operatives, the activity that is first of its kind in India, is a unique achievement of the Federal Co-operative.

The website www.souharda.coop of the Federal cooperative is a source of complete information to all the member co-operatives and general public. “Swabhimani Sahakari” the monthly magazine updates all the member Souharda co-operatives on the latest developments and information about cooperative movement in other states, apart from national and international trends and developments. Along with publicizing the achievements of the Federal Co-operative, the guidelines to the member co-operatives, the co-operative ministry’s important notifications and circulars are published in Swabhimani Sahakari. Copies of Souharda Sahakari Act in English and Kannada, model byelaws, deposit & loan model rules, model service rules, e stamping booklet, Sahakari margadarshi manual, High court judgments related to co operative sector, Applicable tax laws to co operatives, special co operatives working in Karnataka and many such books needed for the member co-operatives are also published by the Federal cooperative.

The Federal Co-operative provides information and training to its member co-operatives on usage of modern technology for quick and simplified services, necessary inflexible security measures along with other latest technical developments for day to day functioning. The Federal Co-operative in its bid to increase the credibility, efficiency and the confidence of the member co-operatives conducts at regular intervals seminars, workshops, overview meetings, special training programs, annual meetings of CEOs of member co-operatives and information/training workshops for empanelled auditors of the member co-operatives.

Progress of Souharda Co-operative movement in Karnataka

Souharda Cooperatives	4623	Loans	14,534 crores
E-Stamping Centers	1274 Centers	Reserves	1,886 crores
No of Membership	62 lakhs	Working Capital	20,523 crores
Share Capital	742 crores	Profits	264 crores
Deposits	18,004 crores	Employment	55,000

Some of the member co-operatives of the Federal Co-operative have set an example by adapting innovative business practices.

- Shri Arihanta Credit Souharda Sahakari Niyamita, Boregaon, Chikkodi : Known for its financial discipline and organized customer services, Arihanta Souharda Sahakari also provides opportunity, even to the economically weaker sections in the society to participate in financial transactions.
- Hirekerur Taluk Vidyavardhaka Souharda Sahakari Niyamita, Hirekerur: In addition to establishing institutions right from L.K.G to College level, this Vidyavardhaka Souharda Sahakari also run primary and high school teacher training colleges.
- Spice route Souharda Sahakari Niyamita, Sirsi: Established with the purpose of developing local tourism, it organizes stay for 6 months, mainly to foreign tourists. One of the objectives is to introduce Indian culinary and cultural traditions to such tourists.
- Nivedita Mahila Pattina Souharda Sahakari Niyamita, Gulbarga: Started with an intention of economically empowering women in un-organised sector and small time vendors in and around Gulbarga, Nivedita Mahila Pattina Souharda Sahakari Niyamita lends loan in a very friendly atmosphere and thus has become a guiding light in their lives.
- Sri Siddaganga Vidya Samsthe Naukarara Souharda Pattina Sahakari Niyamita, Tumkur: This Cooperative disburses necessary, on-time loans, thus ensuring the

wellbeing of all the staff members of over 130 educational institutions of Sri Siddaganga Trust.

- Kadamba Marketing Souharda Sahakari Niyamita, Sirsi : It has earned fame by facilitating and providing market place to every local product from the farmers of North Kanara district, be it honey, condiments or even to any edible fruit.
- Suvidha Vividoddesha Souharda Sahakari Niyamita, Sagara: This cooperative has the distinction of being the first cooperative supermarket in the rural region serving consumers using state of the art technology. Swad Fast food is another attraction at this cooperative.
- Hamsa Chaitanya Souharda Credit Sahakari Niyamita, Udupi: The secret of success of this cooperative is the provision for Solar Light loans to migrant laborers. This loan has been disbursed to the migrant families who don't have access to electricity. It is a record that 100% loan repayment has been achieved as the loan amount is collected once week at their doorsteps of these laborers.
- Sri Jyothi Vividoddesha Souharda Sahakari Niyamita, Examba, Chikkodi: Known as Jyothi Bazaar, Sri Jyothi Vividoddesha Souharda Sahakari Niyamita provides people with good quality necessary products at low prices. This has gained the reputation of being the most prestigious co-operative of the region.

These are just examples. The Federal Co-operative is an inspiration to hundreds of such new co-operatives that have ventured for.

There are several special features of Souharda Co-operatives

1. They function only with contribution of the members without any financial assistance from the government.
2. The audit of Souharda Co-operatives is done by professional auditors only. These auditors are liable to attend the general body meeting and reply to the queries of members, if any.
3. It is necessary that members of Souharda Co-operative do a minimum transaction in their institution and attend general body meetings without fail.
4. The ownership, management and control of the Souharda co-operative lie with the members.
5. The co-operatives have more freedom, and given more responsibility and also the status of an economic entity.

6. The powers of recruitment of necessary staff, wage revision, promotion, or all such decision in this regard are vested with the cooperative itself.

The fact that maximum Souharda Co-operatives are profitable, which by itself speaks of the success story of Souharda Act. It is evident that self-regulation brings in discipline, by the fact that maximum member co-operative have undergone audit within the stipulated time band. It is a matter of pride that more than 90% of newly registered co-operative societies opt for the Souharda Sahakari Act. Federal co-operative facilitates with training and guidance to the Co-operatives migrating from the old act to the new Souharda Sahakari Act. As there is no provision for government nominees, intervention of political parties is minimum which has created an apolitical atmosphere in the functioning of co-operatives. This is one of the unique strengths of the Souharda Sahakari act.

The Federal Co-operative is planning to establish a State level Souharda Apex Bank to help the member co-operative to have re-finance opportunities and help them re-invest their surplus funds. Encouraging member co-operatives to start joint venture businesses, formation of co-operative unions, facilitating formation of new cooperative society with diverse innovative initiatives, empowering each co-operative work as a supermarket for financial products are few of the objects of Federal Co-operative. It has been planned to begin a Research and Evaluation Cell to enhance the quality of the activities and bring in new dimension to the functioning of Souharda Co-operatives.

Souharda co-operative have opened a new chapter in the country's cooperative history. The federal co-operatives are at this successful junction of a realization. By realizing the dream of many senior co-operatives activists of a complete autonomy in their functioning, Federal Co-operative has gained approval from both, the public and the Government and is marching ahead towards progress.

Despite its numerous commendable achievements in a decade of its existence, the Federal Co-operative is aware of the fact that its achievements are negligible compared to the various possibilities in the co-operative movement. The member co-operatives who were responsible for this successful journey are the ones who would be shaping its prosperous future.

Having celebrated a decade of its existence the Federal Co-operative is recommitting itself to achieve its stated goals, By imparting necessary motivation, guidance and training to co-operatives intending to embrace The Souharda Sahakari Act, Karnataka State Souharda Federal Co-operative is a shining star in the horizon of Souharda Co-operatives success. The Federal Co-operative is a guiding light in bringing a Souharda revolution in the Co-operative sector.

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- Vision-** To emerge as world class model Cooperative by our Statutory, Educational, Training, Research and Development Activities.
- Mission-** Our mission is to contribute to build a strong cooperative system which works on Autonomous, Professional, Transparent , Accountable & Economic Viability.
- Values-** Service – Knowledge – Commitment - Involvement & Accountable.

“We are proud to be Souharda (Self Reliant) Cooperative”.