

COOPERATIVES, SOCIETIES, TRUSTS, AND RELIGIOUS ENDOWMENTS

COOPERATIVES

Introduction

- A co-operative society is a voluntary association of individuals having common needs who join hands for the achievement of common economic interest. Its aim is to serve the interest of the poorer sections of society through the principle of self-help and mutual help.

Agriculture and related sectors gave birth to India's cooperative movement.

- **The problems of rural indebtedness and the resulting conditions** of farmers provided an atmosphere for chit funds and cooperative societies toward the end of the nineteenth century.
- Farmers in general considered the cooperative movement to be an appealing **tool for pooling their limited resources to solve common problems** such as credit, input supplies, and agricultural product marketing.
- **The Cooperative Credit Societies Act of 1904** was enacted as a result of the experience gained in the operation of cooperatives.

HISTORICAL EVOLUTION OF COOPERATIVES IN INDIA

- **The Cooperative Credit Societies Act of 1904 and 1912**, the Constitutional Reforms in 1919 and the recommendations of various committees such as Royal Commission on Agriculture (1928), Committee on Cooperative Planning (1945), during the British regime contributed a lot in shaping the organisational structure of cooperatives in India.

Constitutional Provisions

- **Article 19** states that the Right to form co-operative societies is a fundamental right.
- **THE CONSTITUTION (97th AMENDMENT) ACT, 2011**
 - **In Part III** of the constitution, after words "or unions" the words "Cooperative Societies" was added.
 - **In Part IVa** a new Article **43B** was inserted, which says: "The state shall endeavour to promote voluntary formation, autonomous functioning, democratic control and professional management of the co-operative societies".
 - After Part IXA of the constitution, a Part IXB was inserted to accommodate state vs centre roles.

National Policy on Co-operatives, 2002

The Multi-State Co-operative Societies Act and the National Policy for Cooperatives were both enacted by the Indian government in 2002 to provide:

- **funding for the promotion and creation of cooperatives as autonomous**, independent, and democratic organisations that can contribute to the country's socio-economic development.
- **The policy also sought to reduce regional imbalances and improve cooperative education**, training, and human resource development so that cooperative management could become more competent.

Ultimate objective of the National Policy is to-

- **Provide support for promotion and development of cooperatives.**
- **Reduction of regional imbalances.**
- **Strengthening of cooperative education, training and human resource development.**

Issues and Challenges in the Cooperatives Sector

- **Lack of spontaneity:** In India, the cooperative movement is lacking in spontaneity because it has not come from the people themselves. They rarely volunteer to form cooperatives on their own initiative.
- **Neglecting the demand aspect:** Cooperatives have approached the issue of agricultural credit from the perspective of "supply." The element of "demand" is overlooked.
- **Negligence of non-credit aspects:** The majority of Primary Agricultural Cooperative Societies only disburse credit and have not yet developed into true multipurpose organisations that perform a variety of functions in addition to credit.
- **Horizontal and vertical linkages**, though, structurally established, have not yet operationally become effective.