



RURAL DEVELOPMENT, EMPLOYABILITY THROUGH COOPERATIVE SECTOR : A CRITICAL EVALUATION

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Abstract :

The said research paper is examine the rural development and also employment generation though cooperative sector in the study area. The study area is divided into two parts, rural and urban. The researcher has also studied the economic development, lifestyle of selected respondents in the study area. Cooperatives, credit cooperatives in particular, are an integral part of the Indian rural economy. They are having far reaching direct and indirect impacts on agricultural growth and rural development. In the changing scenario characterized by globalisation, structural adjustment programmes, transition from a centrally planned to a market oriented economy, processes of democratisation and decentralisation, agricultural industrialisation and rural out-migration, cooperative are facing new challenge. But they must succeed and have to be resilient to weather the transition. They need to re-evaluate and reinvent themselves, adapt to the changing paradigm and re-establish their relevance as effective rural institutions. This paper reviews the evolution of cooperative movement, examines its role and problems, and highlights its potential to adjust to the new perspectives in the context of Pune, India. It concludes with some policy suggestions reposing great hope on the cooperative sector.

Keywords : Rural Development, Employability, Cooperative Sector, Cooperative Banks, Agricultural Credit,

Introduction :

The cooperative sector has played a key role in the economy of the country and always recognized as an integral part of our national economy. The cooperative sector is one of the main partners of Indian Banking systems, the cooperative banks have more reach to the rural India, through their huge network of credit societies in the institutional credit structure. Cooperatives have ideological base, economic objects with social outlook and approach. The cooperative form of organization is the Ideal Organization for economically weaker sections in the country. The Primary Agriculture Credit Societies amount for about 30 percent of micro credit in India and play a very crucial role in Community Development. This paper attempts to analyze the role of cooperative banks in rural development in the Pune District in India. The research paper analyzed the trends in rural credit, outreach of Credit societies and level of participation of rural communities in the mainstream financial system through Primary Agriculture Credit Societies. Cooperatives occupy an important place in the rural economy of India. Taking into account the coverage of population of the country cooperatives share in the total supply of agricultural inputs including credit is worthwhile. After independence of India cooperatives have the largest network in the country.

Objectives of the Research Study :

The objectives of said research study are as follows -

1. To study the conceptual background of cooperative sector in India.
2. To study the evolution and growth of Cooperative Sector in the study area.
3. To study the employability of Cooperative Sector in the study area.
4. To examine the rural development and employment generation through cooperative sector in the study area.

Research Methodology :

The said research study is based on primary data have been used of relevant Co-operatives. With a view to examining the role and relevance of cooperative sector in rural development and employability especially study area, Pune district, the researcher has selected 10 Primary Agricultural Credit Cooperative Societies and 5 Urban Co-operative Bank from the study area of Pune District.

The researcher has randomly selected 200 respondents for this research study. The researcher has selected major two respondents like Employee of Cooperative Bank and Member of Cooperative Banks. The researcher has used the Simple Random Sampling Method for the selection of sample in the study area. The collection of data, the researcher has selected a technique of interview for getting primary information.

This research study is also based on secondary data collected from the sources like published reports, internets, magazines, journals, daily newspapers.

Relevance of the Study :

The co-operative sector is considered as a medium of self-help and mutual help among the members and it has been an effective machinery used in the process of rural development of India. Therefore, to achieve the development of rural poor, the institutions like Cooperatives have taken many a challenging step by this time. The findings of the study enable us in suggesting the future course of action for more development of Co-operatives in achieving its goal for further improvement of rural sector in the study area.

Evolution of Cooperatives in India :

1. **Pre-independence Scenario** - In India, the cooperative movement began its work with the objective of making breakthroughs in the stagnation of the poorer classes who were heavily indebted and were fully in the grip of Sahukars. With the enactment of the 1904 Act, the first cooperative credit society was registered on 8th May, 1905 in the then state of Bombay in the Gadag Taluka of the Dharwad district under the name of Kanginhal Agriculture Credit Cooperative. By 1911, the number of registered societies rose to 5321 with a membership of 305,060. Subsequently, the 1904 Act was replaced by another passed in 1912, with a broader base, opening registration to non-credit cooperatives also. The Reform Act was passed in 1919, when cooperatives became a state/provincial subject. The decade from 1919 to 1929 was a period of unplanned expansion and some re-organization. During the period 1930/31-1937/38, the movement under went a number of changes. This period is known for the great depression, which was a major setback for the cooperatives in India, mainly due to our backward economy and the disturbed political atmosphere. The arrears of the loans of cooperatives rose from 39% in 1930-31 to 63% by 1937-38. But the Second World War (1939 to 1946) came as a boon for agriculturists, as the prices of agricultural commodities rose significantly, and the cooperatives revived. The repaying capacity of the farmers increased significantly, they were able to clear off

their old debts and the arrears came down from 63% in 1937-38 to 39% in 1945-46. This period is considered the recovery period.

- 2. Post-independence Scenario** - After the independence of India in 1947, the country adopted the policy of planned economic development for establishing an integrated and just society, providing individual liberty, equality of opportunity and a basic economic minimum for all. Cooperation was accepted as an effective and important instrument for achieving the objectives of rural economic development. The first five-year plan (1950-51 to 1955-56) emphasized that all agricultural families/ households may join as members of primary agriculture cooperatives. In turn, these societies would take care of their needs and safe guard the interests of farmers and artisans. During this plan period, the number and membership of cooperatives went up from 115,462 and 5.2 million in 1950-51 to 159,939 and 7.8 million by 1955-56 respectively. In the year 1951, the RBI set up a committee known as the All-India Rural Credit Survey Committee and its report was published in 1954. At that time, the main thrust was on the viability concept. It was observed that only 20% of the cooperatives were found to be economically viable due to their limited operations and it was recommended that large size cooperative societies should be organized to procure more business. It was also recommended that a government, with a share capital to the extent of 51%, be allowed to become a partner in cooperatives. Besides, it was recommended that the credit delivery system be three-tier for short and medium term loans, and long-term credit be arranged through land development banks. Also, the need for an effective cooperative training system to develop a sound network of institutions from the village to the national level was emphasized in order to guide and implement the rural programmes effectively. Fortunately, the Government accepted all the recommendations of the committee.

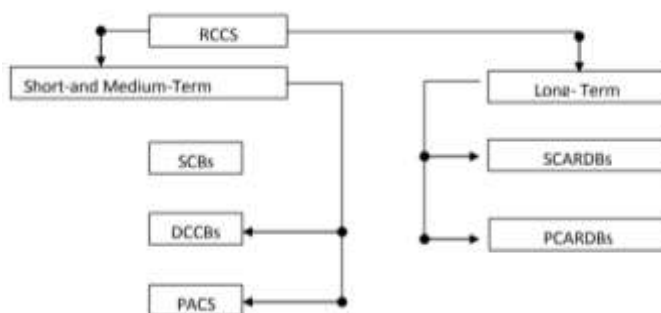
Growth of Cooperative Sector in India :

India has basically an agrarian economy with 72% of its total population residing in rural areas. The rural people need lot of services in daily life which are met by village co-operative societies. The seeds of cooperation in India were sown in 1904 when the first Cooperative Societies Act was passed. Since then, the cooperative movement has made significant progress. Cooperatives have extended across the entire country and there are currently an estimated 230 million members nationwide. The cooperative credit system of India has the largest network in the world and cooperatives have advanced more credit in the Indian agricultural sector than commercial banks. The village co-operative societies provide strategic inputs for the agricultural sector, consumer societies meet their consumption requirements at concessional rates; marketing societies help the farmer to get remunerative prices and co-operative processing units help in value additions to the raw products etc. In addition, co-operative societies are helping in building up of storage go-downs including cold storages, rural roads and in providing facilities like irrigation, electricity, transport and health. Various development activities in agriculture, small industry marketing and processing, distribution and supplies are now carried on through co-operatives. In fertiliser production and distribution the Indian Farmers Fertiliser Cooperative commands over 35 percent of the market. In the production of sugar the cooperative share of the market is over 58 percent and in the marketing and distribution of cotton they have a share of around 60 percent. The cooperative sector accounts for 55 percent of the looms in the hand-weaving sector. Cooperatives process, market and distribute 50 percent of edible oils. Dairy cooperatives operating under the leadership of the National Dairy Development Board and through 15 state cooperative milk marketing federations has now become the largest producer of milk in the world. The groundwork for this was laid in the early 1970's when the largest dairy development programme in the world - Operation Flood - was launched. Operation

Flood was a national marketing strategy linked to a dairy infrastructure development programme that created a chain of dairy processing plants, collection stations and a national milk transportation grid. With the passage of the Insurance Act, cooperatives have been allowed to entry into the insurance business. Insurance is a field where the immense potential of cooperatives still remains untapped. The Indian Farmers Fertiliser Cooperative has recently teamed up with a Japanese company and formed a joint venture for undertaking general insurance business in India.

Organizational Structure of the Rural Cooperative Credit System :

At that time, cooperative sector in rural areas are most economically effectively part for rural development and employment generation. Organizationally, the rural cooperative credit system has a unique structure with some specializing in short-term credit and some others in long-term credit. In the field of short – term and medium-term rural credit, the cooperatives have a three-tier structure with Primary Agricultural Credit Societies (PACAs) at the base, District Central Cooperative Banks (DCCBs) at the middle level and State Cooperative banks (SSBs) at the apex. The PACs are affiliated to DCCBs and the latter to SCBs with the upper tier functioning as a balancing institution of funds for the lower tier. In the sphere of long-term credit, the cooperatives have a two-tier set up with Primary Cooperative Agriculture and Rural Development Banks (PCARDBs) at the base and State Cooperative Agriculture and Rural Development Banks (SCARDBAs) at the apex level. The organizational structure of the rural cooperative credit system, (RCCs)’s shown in the following diagram.



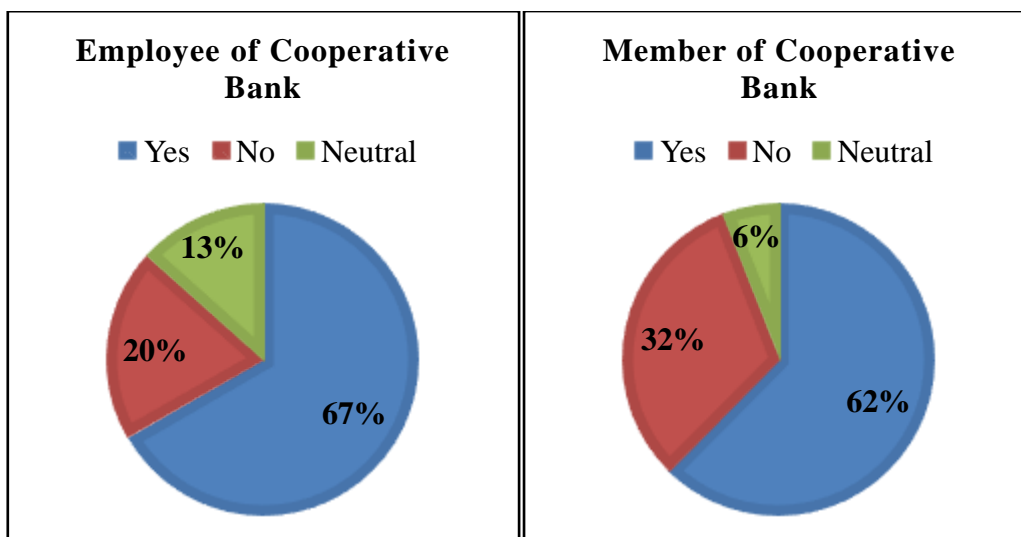
Analysis and Interpretation of Primary data

The said research study is based on primary data have been used of relevant Co-operative sector like Primary Agricultural Credit Cooperative Societies and Urban Co-operative Bank from the study area of Pune District. The 200 respondents had given their opinion regarding the rural development, economic stability, lifestyle through cooperative sector in the study area are as follows –

A) Selected respondent’s opinion regarding Rural Development and Employment Generation – Yes/No/Neutral

Sr. No.	Respondent detail	Selected respondent	Yes	No	Neutral
1.	Employee of Cooperative Bank	30	20	6	4
2.	Member of Cooperative Bank	170	105	55	10

(Source : Primary Data,in the year2021-22)



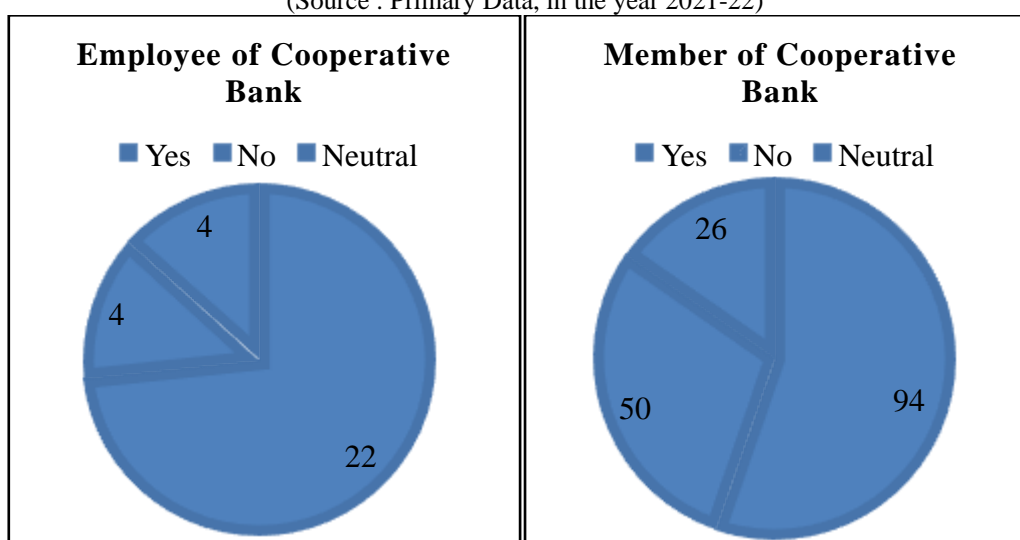
From the above explanation, the respondents have selected 200 randomly samples like 30 Employee of Cooperative Bank and 170 Member of Cooperative Bank, 67% employee of cooperative bank respondents opinion has given their answer yes regarding rural development and employment generation through cooperative sector and 33% employee of cooperative bank respondents have no any opinion regarding such question.

The based on above interpretation, 62% member of cooperative bank respondents opinion has given their answer yes regarding rural development and employment generation through cooperative sector and 38% member of cooperative bank respondents have no any opinion regarding such question.

B) Selected respondent's opinion regarding Economic Growth in the study area – Yes/No/Neutral

Sr. No.	Respondent detail	Selected respondent	Yes	No	Neutral
1.	Employee of Cooperative Bank	30	22	4	4
2.	Member of Cooperative Bank	170	94	50	26

(Source : Primary Data, in the year 2021-22)



In the above analysis conclude that, 73% employee of cooperative bank respondents opinion has given their answer yes regarding economic growth of rural areas in the study

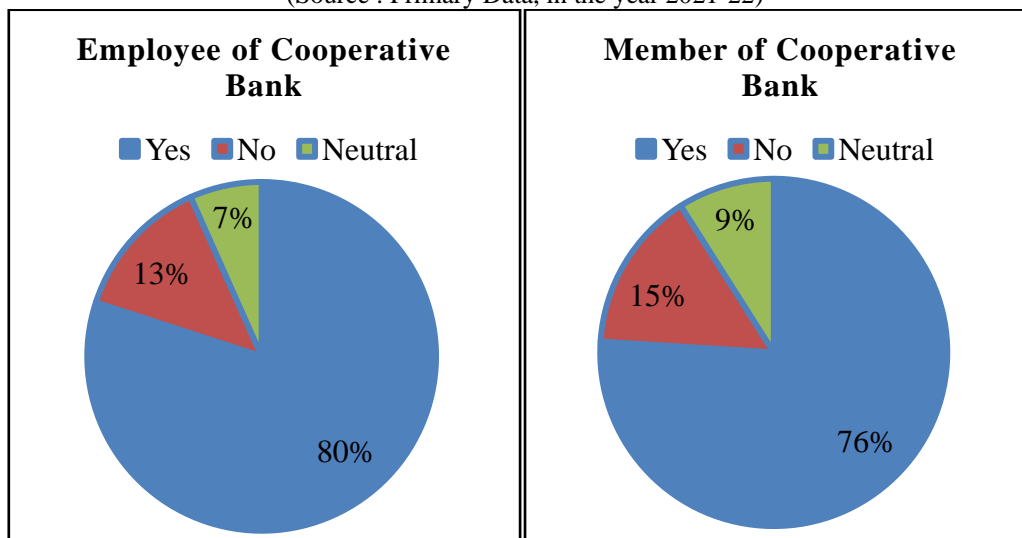
areathrough cooperative sector and around 27% employee of cooperative bank respondents have no any opinion regarding such question.

55% member of cooperative bank respondents opinion has given their answer yes regarding economic growth of rural areas in the study area through cooperative sector and around 45% member of cooperative bank respondents have no any opinion regarding such question.

C) Selected respondent’s opinion regarding Lifestyle of Employee and Members in the study area – Yes/No/Neutral

Sr. No.	Respondent detail	Selected respondent	Yes	No	Neutral
1.	Employee of Cooperative Bank	30	24	4	2
2.	Member of Cooperative Bank	170	130	26	14

(Source : Primary Data, in the year 2021-22)



In the above interpretation conclude that, 80% employee of cooperative bank respondents opinion has given their answer yes regarding lifestyle of employee of cooperative bank in the study area through cooperative sector and around 20% employee of cooperative bank respondents have no any opinion regarding such question.

And 76% member of cooperative bank respondents opinion has given their answer yes regarding lifestyle of staff of cooperative bank in the study area through cooperative sector and around 24% member of cooperative bank respondents have no any opinion regarding such question.

Major Findings :

From the above analysis and interpretation of primary data, the researcher has noticed the following major findings -

1. From the above interpretation, 67% employee and 62% member of cooperative bank respondents opinion has given their answer yes regarding rural development and employment generation through cooperative sector.
2. Researcher has concluded that, 73% employee and 55% member of cooperative bank respondents opinion has given their answer yes regarding rural development and employment generation through cooperative sector.

3. In the above analysis, the researcher found that, 80% employee and 76% member of cooperative bank respondents opinion has given their answer yes regarding rural development and employment generation through cooperative sector.

Conclusion :

The Cooperative Bank under study was found to have been functioning under financial stress for reasons arising out of increasing cost of operations, control over profits and prevalence of high overdues mainly because of poor performance of cooperative societies. The government and NABARD has to rethink about this sector and take some measures to revive the cooperative sector through more capacity building efforts on rural livelihoods in grassroots levels for better bank-borrower relationship, financial inclusion and social security in rural India.

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