

Defects in Cooperative Movements

1) Lack of motivation

There is very poor response from the people. Lack of motivation leads to failure.

2) Unequal development

Although this movement started in almost all the states, some states failed. There was good response from states like Maharashtra, Punjab, Uttar Pradesh, Tamil Nadu, etc. but the response from the states like Assam, Bihar, and west Bengal is not satisfactory.

3) Economically not viable

More attention was on quantitative development rather than qualitative development.

4) Lack of managerial skills

Co-operative sector lacks trained, qualified and experienced personnel.

5) Lack of capital

There was non-availability of funds required for day-to-day functioning of the credit society.

6) Lack of attention to the members

Favouritism has entered this movement. Rich people like big farmers & landlords-were given much attention & ordinary people and poor farmers were neglected.

7) Problem of NPA

Some of the co-operative credit societies were having the NPA of 25 to 30%. This is because loans were given to the persons who misuse the same. Lack of efforts to collect the loans turned into increasing NPA. Even weaker section of the society could not pay loans within a stipulated time. Many times rich farmers also avoided paying the loan instalments at the right time.

8) Failure in fulfilling the needs of members

Many times, co-operatives were unable to fulfil the needs of their members and hence people had to take the help of landlords and zamindars.

9) Politics in co-operative credit

There is interference from local politician in the day –to -day activities. Most of the directors have political background. Hence the sole purpose of co-op. credit is neglected.

10) Corrupt practice

It is the corrupt practices of managerial employees of credit societies that led to its failure.

Problems faced by Credit Cooperatives

The credit movement has been hampered by several problems, which creates barriers in its path to success.

Many co-operatives are unable to function efficiently because of the following problems.

1) Lack of funds

Many members don't have the habit of savings. The inability to raise adequate funds leads to their dependency on moneylenders for credit.

2) Managerial Problems

Management lack professionalism and sometimes mismanagement leads to failure. Many co-ops in India are victims of various scams & frauds.

3) Competition from private agency

There is competition from private credit providers, such as moneylenders, Zamindars & Traders etc.

4) Lack of government support

Government does not take much interest to make co-operative credit financially strong. Also, the lack of proper supervision by government leads to inefficiency and corrupt practices in co-operative credit societies.

5) Poor response & Co-operation from people

Many people in India are illiterate. There are not many facilities available today. Even after many efforts of awareness about the co-op credit society, there is poor response from the people.

6) Lack of motivation

Most of the time workers working for co-operative credit society are not properly motivated. They are not paid properly. This lack of motivation leads to inefficient functioning and finally resulting in non-co-operation from workers.

7) Poor performance

Performance of co-operative societies in India is not satisfactory. Dispute between management and workers, excessive government interference, huge government grants & equity participation leads to poor performance. As a result of this most co-operatives in India are financially less viable.

8) Lack of professionalism in Management

Competition poses a major threat to co-op. that are used for thriving on government conferred privileges including monopolistic status, huge grant & subsidies. One of the main reasons is the lack of finance that would be useful to attract professional managers. Most of the co-operatives from rural areas cannot afford to hire professional managers.

9) Excessive government control & political interference

Co-operative were dragged into the party politics when they reported about the unprincipled politician who began to see them as vehicles for political mobilization and to fill vote banks.

10) Lack of good leadership

Good leadership is a pre-requisite not only for creating a co-op. but also for providing a vision, inspiration and guidance for both the members and the management so as to enable the co-operatives to achieve its purpose. Every co-op. needs an honest, skilled, energetic & dedicated leader who should be preferably drawn from the cardinal stakeholder. It is unrealistic to expect a good leader to spend his time & energy for an organization without any compensation.

How to Resolve the problem of Cooperatives?

1) Co-operatives need to explore other non-conventional avenues for raising resources needed for their operations & meeting their working capital requirement.

2) Co-op. needs to train its personnel for better performance. National level management institute like Vaikunthalal Mehta Institute of co-op. management, Pune could help in developing appropriate curriculum for the purpose of training.

3) Adequate compensation should be paid to the elected leaders for their services to protect co-op. from misuse of funds, regular audit by an independent and reputed authority is necessary.

4) Co-op. needs to make profit so as to serve their members. There is a vital need of good human resource practices and better response from the people.

Steps to Encourage Cooperative Sector

- 1) Government should take initiative to form an alliance between the Apex Institution involved in the development of co-op. societies.
- 2) The government should see that there is no political interference as it is a major hurdle in the development of co-operative.
- 3) The success of co-operatives in the west is because the members are educated unlike Indian members involved in cooperatives here.
- 4) It is observed that, many members of co-op. are looking after their own vested interest. To overcome this problem stringent rules, need to be framed.
- 5) Co-operative cannot retain professional managers. That is why they need to change their approach in introducing professionalism in co-operative sector.
- 6) Government should play a role of facilitator and should not directly interfere in the co-operative enterprises.

The co-operative legislation played a major role in shaping the road and giving the co-operative movement the right direction. Legal framework is a very important factor and plays a vital role in ensuring the survival of the co-operatives. After independence, various Acts have been passed to meet the requirements of the co-operatives at the local as well as state level. Though considerable steps have been taken, there is an urgent need for drafting accurate rules and regulations for protecting the *interests* of the members and the poor and needy people.