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Dr. Rahul Verma

Assistant Professor, VSY,
Khairthal, Alwar, Rajasthan,
India

The role of cooperatives in rural economic empowerment

Dr. Rahul Verma

Abstract

Cooperatives are formed to provide financial assistance to its members. The members are responsible for raising capital to help those in need. It mainly protects the weaker sections within rural communities from exploitation by wealthy individuals and companies. For a developing economy like India, a faster and more sustainable method of development is required to cater to the needs of its population. Cooperatives occupy an important place in India's rural economy in terms of their coverage of rural population and their share in the total supply of agricultural inputs including credit and contribute significantly to rural development.

Keywords: Livelihood, sustainable, credit, cooperatives, agriculture, financial assistance, solidarity

Introduction

Cooperatives are people-centered enterprises. They are owned, controlled and run by and for its members to realize their common economic, social, and cultural needs and aspirations. Cooperatives bring people together in a democratic and equal way. Members share equal voting rights regardless of the amount of capital they put into the enterprise. Cooperatives allow people to take control of their economic future and, because they are not owned by shareholders, the economic and social benefits of their activity stay in the communities where they are established. Profits generated are either reinvested in the enterprise or returned to the members.

In India, Cooperatives are the oldest form of financial intermediation in rural areas, but its contribution is evident in other areas too. The Indian Cooperative Movement is the largest in the World, representing 29 Crore members and over 6 lakh cooperatives from village to national level, covering various sectors like credit and banking, fertilizer, sugar, dairy, marketing, consumer goods, handloom, handicraft, fisheries, tribal development, labor, housing etc.,

The Cooperative Movement originated against rural poverty, aggravated by chronic indebtedness of farmers due to various practices of money lenders. This coupled with the agrarian disturbances led to the concept of cooperative approach through Credit Societies over a hundred years ago. The cooperatives emerged as an association of persons, united voluntarily to meet with their common economic needs and aspirations through jointly owned democratically controlled enterprise based on moral principles of self-help, self-responsibility, equality and solidarity.

Gandhiji saw a great virtue in co-operation as an instrument of rural development. He assigned specific roles to co-operatives in the field of agriculture commending the promotion of co-operative farming and thereby preventing further fragmentation of land holdings. He also advocated the establishment of other types of co-operatives such as credit co-operatives, weavers' and spinners' co-operatives and dairy co-operatives.

The intellectual appeal for the cooperatives is universal and for all times to come. The United Nations General Assembly has declared 2012 as the International Year of Cooperatives. This is in recognition of the contribution of cooperatives, to socio-economic development, in particular recognizing their impact on poverty reduction, employment generation and social integration.

Evolution of Co-Operatives

The cooperative movement in India has regained focus after the Union Government created a Ministry of Cooperation in July 2021 to provide a separate administrative legal and policy framework for streamlining the cooperatives. The move is expected to cascade the movement down to the grassroots level for facilitating the growth of a people-based economic development model.

Corresponding Author:

Dr. Rahul Verma

Assistant Professor, VSY,
Khairthal, Alwar, Rajasthan,
India

The cooperative movement can be traced back to the enactment of the Cooperative Credit Societies Act by the British in 1904. Subsequently, Prime Minister Jawaharlal Nehru promoted it by integrating cooperatives into the Five-Year Plans. The intent behind this was to make cooperatives an important part of peoples life. This laid the foundation of the largest cooperative movement in the world.

At present, rural infrastructure which serves 70% of the population, do not get the attention it deserves. Similarly, the cooperative which are the backbone of the agricultural and rural economy, hardly receive any attention in terms of government spending. Cooperatives have the capability to revive the Rural India. It can create join opportunity and various kinds of small micro enterprises for the local areas in the non-farm sector to reverse the migration by making rural living more attractive with access to amenities for the community. Cooperatives can create stable livelihood in rural areas and act as catalyst of inclusive and sustainable growth.

A cooperative is based on certain values and principles of its own which distinguish it from other forms of organizations The International Co-operative Alliance (ICA) Congress held in Manchester on September 23, 1995, adopted the following seven principles-

- Voluntary and open membership
- Democratic member control
- Member economic participation and limited interest on share capital
- Autonomy and independence
- Provision of co-operative education, training and information
- Co-operation among co-operatives
- Concern for community

Importance of the Cooperatives in India

Cooperatives provide agricultural credits and funds where state and private sectors have not been able to do very much. They also help by providing strategic inputs for the agricultural sector and in boosting agricultural development. A cooperative society plays a key role in representing the needs of its members in a larger market and fostering their independence. Cooperatives are easy to form. People with common interest and goals can form a cooperative and become its member.

Rural development through cooperatives

Cooperative sector plays a very crucial role in strengthening the rural economy through the disbursement of agricultural credit, providing market support to farmers, distribution of agricultural inputs and imparting cooperative education and training. Cooperatives have helped in improving income, employment, consumption and quality of life of its members. Governments also provide various incentives to cooperative societies. Cooperatives help in increasing the bargaining power of their members providing them with higher income and social protection. It helps in uplifting them from degradation and poverty. Workshops and various learning and informative opportunities are provided to the members so that they could understand the functioning and needs of their respective cooperatives. A very crucial part of Cooperatives is to provide agricultural credits and funds. This helps in providing initial financial assistance to the members.

Conclusion

The co-operative legislation played a major role in shaping the road and giving the cooperative 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. Any development route which bypasses the farming community of India is unlikely to be sustainable. Salvation of the developing economy as vast and diverse as India's lies only in the transformation and revitalization of its rural economy, which require people's empowerment and participation. One's sense of idealism is in direct proportion to one's distance from the real scenario. Neither private sector nor public sector shall promote social welfare. But, the cooperative sector has this potential.

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