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RESEARCH ARTICLE

CO-OPERATIVES: A FEW WORDS

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ABSTRACT

The term co-operation is derived from the Latin word *co-operari*, where the word *co* means 'with' and *operari* means 'to work'. Thus, co-operation means working together. So those who want to work together with some common economic objective can form a society which is termed as "co-operative society". It is a voluntary association of persons who work together to promote their economic interest. It works on the principle of self-help as well as mutual help. The main objective is to provide support to the members. Nobody joins a cooperative society to earn profit. People come forward as a group, pool their individual resources, utilize them in the best possible manner, and derive some common benefit out of it. It is an alternative form of organization in the capitalist system, found in some decentralized forms of socialism. Co-operatives may be formed by producers, as well as by consumers or workers. The co-operative movement grew out of ideas formulated in the early 19th century by Robert Owen in Britain and Charles Fourier in France, and has spread throughout the world. Since the arrival of co-operative in England, it has taken many forms. Having been acknowledged as association of smaller peoples, it has its activities in various sectors. But social scientists have acknowledged it due to its efficiency. This paper deals with some of the loopholes of cooperative and also has described its various forms and its membership strength. This paper is based on theoretical issues depending on secondary sources.

Key words: co-operative Society, Alternative, Robert Owen, Secondary Sources, England, Organization, Decentralized Forms of Socialism.

INTRODUCTION

'Ten people unite to perform a work'
Not ashamed if they loose and win,
But they continue to work wholeheartedly
In order to feel and get things equally'

The above two sentences reflects the spirit of co-operative in a beautiful manner. More than one people when unite together to meet a goal spontaneously without considering the profit and loss, only then we can call it a co-operative or it takes the form of a co-operative. Co-operative society is English equivalent of the Bengali word '*Samabaya*'. Theoretically co-operative is an ideal. But how far the co-operative system is effective in a successful manner is a matter of debate. But the conception of co-operative is an age-old paradigm and it existed in the past and will remain in the future as it is a system which lies in between two-poles of government and private enterprises. Also we cannot deny the utility of a system, which has potentiality to bring people together to perform a task unitedly, and it has an effective role to reduce the exorbitant profit motive like that of the large scale private enterprises. Human society often faces inhuman substances like stiff competition and indifferences to weal and woe of the surrounding people. But co-operation may provide an alternative to pressure tactics often engineered by unwanted and filthy people. If ten people come together to thwart the pressure of one or two persons with

ulterior motives then process of co-operation among ten people and their pressure become heavier than the one or two throwable persons who always play unhealthy political games in a co-operative.

Human society is mainly dependent on co-operation in spite of the presence of conflict, which is deliberate attempt to oppose. The principle and spirit of co-operation is the foundation of every society. According to Prof. Ajit Narayan Bose, in the context of rural society, the co-operation looks like a village where "everyone of my village is my friend; no one of my village become illiterate and finally no one of my village do suffer from malnutrition and hunger." From the above stated definition, it is not possible to solve all the aforesaid problems by an extraordinary person alone. Here we feel the co-operation of others and need for co-operation is felt intensely. Within the society two fundamental processes act upon another. Firstly, it is the social conflict or after Karl Marx, "Development is the struggle between opposite". In other words, it is the process of conflict which have bearing on the process of co-operation which is derivative of the former one. Sociologists have defined 'conflict as an attempt deliberately made to oppose'. On the contrary, co-operation is a voluntary action to reach an end and it needs at least two persons if not more. India is a country with vast rural sectors. The Jajmani system was a basic feature of Indian rural society. In this Jajmani system people usually used to co-operate with others on the basis of traditional occupation. Basically, it was characteristics of olden rural society which are also facing globalization and

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consequent transformation in its various segments such as economy, society and rural polity. The rural Indian society is characterized by kinship relation, village to village relation or it is a neighbourhood relation. That means, the co-operational shape does not take a definite form and structure but a group based on co-operation is formed to perform a single task or more than single task.

Co-operatives and its relevance

There are many factors regarding co-operatives and their success in different areas. Some of the factors include environmental, social and politico-ideological as some pointed out. Noted Poet Rabindranath Tagore also emphasized the need for co-operation and co-operatives in the rural areas. In Russia, Lenin also experimented with co-operative production during the post revolutionary period. Lenin strongly supported the role of smaller co-operatives formed during the age of capitalist system in order to build the Socialist system (Lenin: 1966). Actually there is an innate weakness on co-operatives among both the left intellectuals but how far belief is stronger and becomes a conviction is an hundred dollar question when the beliefs is tested on whom it is to be implemented or experimented or ought to be tested. Still government and leaders of both shades experimented on co-operatives and have started to form co-operatives in order to bring equal access to resources by its members.

As there is a growing interest among the people of the world on co-operatives, so let us see what actually would be the content of co-operative in view of the existing situation. There are multiple definitions of co-operative. But from all these definitions some common features can be deduced. Co-operative society is a voluntary organization wherein all members have equal rights and equal voting rights and the spirit of self-help and inter-dependent co-operation would help them to form a co-operative society which would ultimately benefit the members by accruing the fruits on the basis of labour and share each member has provided.

Principles of Co-operatives

The basic principles on which co-operatives are formed can be narrated as under:

- It is a voluntary organization meaning members are not subject to any pressure.
- The members should not feel any pressure from within or outside. So any imposition of decisions will not be accepted unless proved to be healthy for all.
- It is a democratic organization. So principles of democracy must be maintained.
- The membership of a Co-operative Society is open to all those who have a common interest. A minimum of ten members are required to form a cooperative society. The Co-operative societies Act do not specify the maximum number of members for any co-operative society.
- Members join the co-operative society voluntarily, that is, by choice. A member can join the society as and when he likes, continue for as long as he likes, and leave the society at will.
- To protect the interest of members, co-operative societies are placed under state control through

registration. While getting registered, a society has to submit details about the members and the business it is to undertake.

- In a co-operative society capital is contributed by all the members. However, it can easily raise loans and secure grants from government after its registration.
- Co-operative societies are managed on democratic lines. The society is managed by a group known as "Board of Directors". The members of the board of directors are the elected representatives of the society. Each member has a single vote.
- Co-operatives are not formed to maximise profit like other forms of business organisation. The main purpose of a Co-operative Society is to provide service to its members.
- Every co-operative society in addition to providing services to its members, also generates some profit while conducting business. Profits are not earned at the cost of its members.
- Co-operative Societies thrive on the principle of mutual help. They are the organisations of financially weaker sections of society. Co-operative Societies convert the weakness of members into strength by adopting the principle of self-help through mutual co-operation.
- Self-help through mutual help.
- There should be schemes to conduct people's welfare.

Co-operative as precept

In the capitalist society, co-operative societies are considered to be weapon of movement for economically weaker sections of the society. The onslaught of big and heavy industries and monopoly capital do not allow the small proprietary industries to survive for a long time if they are not united by their societies to solve their own problems. It has been noted that in many occasions, they become appendages of the big industries losing their own independent character. Therefore small industries can only survive and become virtually viable if they have strong sense of co-operation among themselves. On co-operation, Warbsse says "Co-operation is a way of life whereby people unite democratically in the spirit of mutual aid to get the largest possible access to the things and services they need" (Warbsse: 1946). Though the history of co-operatives is very old but the form of co-operative we see today is the consumers' co-operative. The first one is 'Rochdale Pioneer Co-operative' established in 1916 in England. It was meant primarily for members and was for sale as well to others and dealing in cloth merchandise. After that many co-operatives were formed and some have succeeded and some could not withstand the hard competition. But the co-operative movement since then generated, has not put the light of co-operation till now. The form of co-operatives varies from producers' co-operatives to consumers' co-operatives, but the strength of producers' co-operatives is more usable to bring about broader social and economic changes. The roots of the cooperative movement can be traced to multiple influences and extend worldwide.

A cooperative is a legal entity owned and democratically controlled by its members. Members often have a close association with the enterprise as producers or consumers of its products or services, or as its employees. In some countries, e.g. Finland and Sweden, there are specific forms

of incorporation for cooperatives. Cooperatives may take the form of companies limited by shares or by guarantee, partnerships or unincorporated associations. In the USA, cooperatives are often organized as non-capital stock corporations under state-specific cooperative laws. However, they may also be unincorporated associations or business corporations.

Overview of some Co-operatives in West Bengal

In India, some workers' co-operatives have generated much heat and debate among some section of intellectuals. Some of the notable workers' co-operatives are "Aryan Bakery Industrial Workers' Co-operative Society Limited" in South Kolkata, "Sonali Cha Bagicha Sramik Samabaya Samiti" in Dooars of North Bengal, "Kamani Tube" in Mumbai, "Udayan Villa Women's Co-operative" on B.T. Road in Kolkata and the newest one is "Bengal Chemical Industrial Workers' Co-operative Limited" on the same road as well. In addition to these some other co-operatives are located in different parts of West Bengal. They are news paper in co-operative sector is "Satyajug Patrika" (evening daily in Bengali), "Ganges Ink" on Netaji Subhas Road, Kolkata, "Paschim Banga Tal-Gur Maha-Sangha Samabaya Samiti in South Kolkata", "Paschim Banga Resham Shilpi Samabaya Samiti" and Milk Producers' Co-operative Societies located in many villages of West Bengal.

The most interesting feature of the workers' co-operatives are management by the workers themselves. As they themselves take important decisions regarding management the member workers get enthused and feel that they are part and parcel of the co-operatives and a sense of ownership develops among them. One can argue that if the workers get ownership and become owner, they will not be uncourageous to class struggle which will detract them to oppose anti-Marxist theories and activities. But social and situational change is inevitable and no one can stall the process of co-operativization. No one wants to remain in a same situation for ever. Either he/she will deliberately change the situation or perish. The change agent may be co-operative or private enterprise or education or any other legitimate sources. That means he/she wants economic solvency, education, health and cultural upliftment. So he/she wants to change his/her class position and consequently develops class consciousness which he/she takes it to a higher level. From this point of view, one can inspire people and every person wants own development and surrounding prosperity and this is the innate desire of human being. If co-operative organizations can play special role in this regard, then our world would be more livable and hassle free.

In the developing countries of the world, the number of co-operatives and popularity of the co-operative movement are increasing. In this context, the Late Prime Minister Jawaharlal Nehru's some useful words on co-operatives can be narrated here along with some statistics. Nehru says, "I give utmost priority on co-operatives which is highly important due to many reasons. As India is an agricultural country, most of the farmers belong to small and marginal category and their size of holding is very smaller compared to many developed countries. So if the smaller holdings are not brought together in co-operative lines then it will be very difficult to apply modern technology and scientific outlook to farming. They have very little economic resources. Owing to this, in order to

apply modern methods of farming the owners have to deploy their own labour jointly forming agricultural co-operatives"(Nehru:1971).

In India the progress of co-operative movement is very encouraging as the data suggests. In agriculture more than 70% people are economically active and engaged. In the post-independence era, the co-operative movement has gained momentum. In India, the first Co-operative was formed when the British Government had passed the Credit Co-operative Act in 1904 to bypass the money lenders' activities in order to bring the farmers out of the clutches of the money lenders. During 1951-1970, i.e. during the tenure of 20 years, the number of co-operatives have increased from 1,80,000 to 3,17,000 and number of shareholders have increased from 1,37,000,00 to 6,20,000. So it is 4.5 times increase. It's a tremendous growth. In successive years the co-operative movement is increasing and in 1975 the number of co-operatives rose to 3,30,000 and total number of members has gone up to 7,34,000,00 (Maslennikov: 1983). So one can understand the continuous growth of co-operatives and their members. So from the data we can also understand the progress of co-operative movement. The co-operative movement and its impact has not ended even today. The milk producers' co-operatives of Gujarat state has brought international fame and serving public to a great extent. The famous and debated AMUL model is being replicated in different states after the visit of Late Prime Minister Lal Bahadur Sastri in 1964.

Demerits of the Co-operatives

However, one can not deny that there is no demerit in the co-operative organization. Like every organization, co-operatives suffer from many loopholes identified by the researchers working on co-operatives. Of which the presence of members in the meeting is a factor. The members should give their opinion in the meetings. If they do not remain present in the meeting, their views are listened to and the present few would take decisions without consulting others. These create a small group within the co-operative which takes all important decisions and this phenomenon germinates as co-operative oligarchy. If there is co-operative oligarchy then it will bring lack of interest among the general members which will further consolidate oligarchy. Now the question may arise whether co-operative oligarchy is congenial to the health of co-operative or it is detrimental to the functioning of the co-operative. If the co-operative is run by a few and co-operative becomes successful then one positive aspect may be noted in the co-operative that it is viable and successful in spite of the presence of oligarchy. But under such circumstances, democratic aspect of the co-operative would be absent which is not desirable. So there may be a deviation from co-operative democracy to co-operative oligarchy.

Another problem is the over-burocratization in the co-operative. The over-burocratization creates vast differences among the members and the portfolio holders which is fatal for smooth functioning of the co-operatives. The resultant outcome of this process is deficient production and quality of goods produced in the co-operative becomes worse. It has been pointed out by many scholars that when the co-operative is formed out of the initiatives of the members themselves, under such situation the co-operative becomes a success and exerts a durable effect in all aspects of the co-operative. But

when any model of co-operative either imported or devised above is imposed on the members to follow, the instructions to continue working with it may not be possible. Under the latter situation, the life of the co-operative becomes transitory, as the members don't consider it as their own. In such situation co-operatives are nurtured by governmental bureaucracy and members do not feel obligatory to make it a success. So the state interference along with political interference in the functioning of the co-operative some times become very unsafe for the participation of the members who would consider that co-operative something which is coming from the outside. So they may not respond favourably. In some studies, it has been pointed out that co-operative increases inequality instead of reducing it. But the elaborate treatment of this issue is not possible in the limited space of this paper.

Concluding remarks

In spite of the demerits of the co-operative, there are some socialist elements present in its appeal and that is why there will be growing interest among the people on co-operative and in future years it will continue to grow. People will try to

will cater to their own needs instead of fulfillment of needs and desire of a few. Apart from this, in the face of globalization, the role of co-operatives has been given utmost importance as it strikes at the root of capitalism and individualism. The greatness of the co-operative lies in its joint ownership and joint production along with the democracy and spirit of equal voice. Hence the appeal of co-operative spirit has not ended but somewhere it has been model to follow and somewhere it is being throttled due to political control. Still the flame of co-operatives kindled many good quality production and good marketing network for its products.

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