

# AN ASSESSMENT OF THE SOCIAL IMPACT OF COOPERATIVES IN DINDIGUL DISTRICT, TAMILNADU, INDIA

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## ABSTRACT

*It is often said that Cooperative is an industry where fine rational human beings are produced with the materials of honesty, unity, equality, etc. Moreover, social integration, education and training, community development, gender equality and protection against twin evils of rugged individualism and blatant totalitarianism are the ways in which cooperatives contribute for social development as well as for sustainable human development. Social contribution of cooperatives therefore, cannot be underestimated. The main objective of the study is to assess the social impact of cooperatives with particular reference to contribution of social benefits, contribution of democratic benefits and contribution of empowerment benefits. The study is based on empirical analysis. Hence field survey method was adopted. As it covers both rural and urban area, multi-stage random sampling procedure has been employed to select the area as well as respondents. As the issues to be addressed in the study are of qualitative and quantitative nature, different tools and techniques of data collection have been used. Besides Personal Interview (PI) for administering the Structured Interview Schedule (SIS) among the respondents, Focus Group Discussion (FGD) and a few Participatory Rural Appraisal (PRA) techniques have been used. Findings reveal that members of cooperatives have high perception on the social, democratic and empowerment benefits of Cooperatives. They view cooperatives as social institutions where economic benefits can also be availed especially by those who are deprived of access to resources. Long years of membership in cooperatives, increased use of services of cooperatives and greater participation in the management of cooperatives have enabled to derive greater social benefits of Cooperatives. Hence, whatever be the lapses and ineffectiveness in the economic achievements of cooperatives, the social, democratic and empowerment benefits extended by cooperatives to individuals, and the society at large are very explicit and appear forefront. There are evidences that cooperative movement in the district has made sustainable social impact among people.*

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## INTRODUCTION

Cooperation is a philosophy of life and has a mission of its own. It is not merely an economic movement; but a moral movement. It has ideological base and universally recognized principles, which are applied and practiced in order to make a better person and a better society (*Krishnaswami, 1985*). Although Cooperation is viewed as an organization for the promotion of economic interests of its members, it does not confine itself only the economic aspect of life. It permeates the social aspects of life and aims at establishing a new democratic social order based on freedom, fraternity, equality and equity where people live in harmony, caring and sharing like a family, where there is unity of spirit and common economic bond and where people have the freedom to shape their destiny. In the words of Goerge Russel, “membership of cooperative societies is a practical education in economics fitting men for public service and by its principles; it fosters the spirit of citizenship” (*Daman Prakash, 1995*). Thus, cooperation alone has both economic and social aims. O.R Krishnaswamy claims that it has spiritual basis also. The cooperative form of organization alone is spirituality applied to business since it practices brotherhood and fellowship and love and sacrifice. If a cooperative organization has to remain true to itself, these values must be living realities in the activities and behaviour of cooperators. Hence, Fauquet mentions, “These values are both a condition and a result of Cooperation”. Cooperative organizations develop these values among cooperators through the means they employ. They raise people to a higher moral standard.

### Problem Statement

It is often said that Cooperation is an industry where fine rational human beings are produced with the materials of honesty, unity, equality, etc. Moreover, social integration, education and training, community development, gender equality and protection against twin evils of rugged individualism and blatant totalitarianism are the ways in which cooperatives contribute for social development as well as for sustainable human development (*ICA, 1995*). Since Indian Cooperative Movement has crossed a century, it is no doubt that the movement has contributed a lot for humanity. Social contribution of cooperatives therefore, cannot be under-estimated. In this broad context a query on the social contributions and achievements of cooperatives in countries like India is very relevant and it is necessary to assess people’s perception on the social impact of cooperatives.

### Research Questions

1. Do members view cooperatives as institutions for social betterment or merely as economic institutions where goods and services are availed or vice versa?

2. Do members realize social benefits of cooperatives?
3. Do they realize that cooperatives have contributed for human socialization?
4. Do they derive democratic benefits of cooperatives?
5. Do they realize that cooperatives have brought social outlook among people by inculcating human values?
6. Do cooperatives provide empowerment benefits?
7. Do weaker sections (poorer sections of the community) feel secure out of cooperatives?
8. Are there differences in the perception on social role of cooperatives among members of cooperatives?
9. Whether people derive social benefits of cooperatives out of their cooperative membership characteristics or not?
10. Do they find problem or are there barriers in the realization of social benefits of Cooperatives?
11. What do people suggest to maximize social contribution of cooperatives?

These and other issues require an empirical in-depth investigation.

### **Significance of the Study**

Any analysis aiming at gauging the success of cooperatives must bear in mind the twin aspects of cooperatives viz., the social and economic contributions. A close look on the literature related to cooperatives shows that there are ample literatures depicting economic significances of cooperatives at all levels. Several committees, economists and academic organizations have examined one or the other economic impact of cooperatives on the economy or a particular sector or the section of the people. Especially reports of the government on cooperation examining the economic impact are available right from the year 1904. Particularly after independence, since the government has recognized the cooperatives as an instrument of economic planning to be used in the pursuit of national objectives, studies on the economic contributions and perspective are abundant. Although a few studies examining the socioeconomic impact of cooperatives were available, a holistic approach to study the social impact of cooperatives, which is necessary for understanding the social impact of all types of cooperatives on the society, particularly on individuals, is absent. In fact, the need for social impact studies on Cooperation is felt necessary when the policy of multi-agency approach for economic development is advocated. The need to have such study is felt very latent also when the economic efficiency of cooperatives is questioned. In this broad context, a query on the social contributions and achievements of cooperatives in countries like India is very relevant and it is necessary to assess people's perception on the social impact of cooperatives.

## Objectives of the Study

The study has the following specific objectives:

1. To assess the social impact of cooperatives with particular reference to:
  - Contribution of social benefits.
  - Contribution of democratic benefits.
  - Contribution of empowerment benefits.
2. To identify barriers impinging social contribution of cooperatives and
3. To offer suggestions of people for maximizing social impact of cooperatives.

## Conceptualization of Terms

**Cooperatives:** The term 'Cooperatives' refers to cooperative society/societies registered under the Tamilnadu Cooperative Societies Act, 1983. So far as the study is concerned, Cooperatives include Agricultural Cooperative Banks/Societies, Primary Cooperative Agriculture and Rural Development Banks, Urban Cooperative Banks, Employees Thrift and Credit Societies, Primary Dairy Cooperatives, Agricultural Marketing Cooperative Societies, Industrial Cooperative Societies including Handloom Weavers' Cooperative Societies, Primary Consumer Cooperative Stores/ Wholesale Store and Cooperative Housing Societies.

**Impact of Cooperatives:** It refers to the effect of values and principles guiding the constitution, management and operations of Cooperatives which together result in or enable developments in the socio-economic conditions of members and the public. So far as this study is concerned, improvement in the existing state of affairs as felt by people has been taken as a test of the impact of Cooperatives.

**Social impact:** Social impact of Cooperatives has been tested at two levels: one at the level of individuals and the other on society/community level. Changes in awareness, realization of social, democratic and empowerment benefits of Cooperation, creation of a sense of security and ownership in the cooperative societies are the test of social impact at the individual level. Promotion of leadership, reduction in social inequalities/ social distance and promotion of unity and solidarity at the society/community level are tested for assessing social impact of Cooperatives at the community level.

**Social benefits of Cooperatives:** Cooperatives tend to check petty quarrels and bitterness of village life and build them together in friendly relationship. They develop a sense of responsibility, integrity and diligence as they rely on the characters of members (*Madan 1989*). Through the influence of Cooperation, the idle men become hard working persons who spend money extravagantly become economical, the drunkard reform his way

and becomes sober and the illiterate learns to read and write (*Vidya Bhusan 1999*). The friction among members of cooperative societies, which tend to decrease, may doubtless be credited to the influence of Cooperation. Cooperation has helped in several counters, even harmonizing conflicting social and economic interests (*Krishnaswami 2000*). Thus, Cooperation brings in social benefits for its members. As such, Cooperatives strive to create a higher social order and cooperative common wealth.

**Democratic benefits of Cooperatives:** Although Cooperatives are democratic institutions and they provide democratic benefits to their members, an identity crisis seems to have emerged for the Cooperatives in recent years due to adaptation to the changing environment caused by science and technological advancements, market forces, change in policies of the government towards Cooperatives and the like. To pay toll to this new turnpike, Cooperatives therefore seem to be concentrating greatly on 'economics' by subsidizing their social and empowerment values (*ICA 1995, Subburaj 2002*).

**Empowerment benefits of Cooperatives:** Cooperatives are democratizing organizations in which every individual who claims ownership right with a cooperative should feel empowered. Because whatever benefits members want from the cooperatives, they are put forth to the management to the extent the collective demands aggregate the individual demands. Cooperatives provide an appropriate forum for aggregating such demands and voicing them. This means that people are empowered to define, decide and direct the affairs of their cooperatives in their interest as well as that of the community at large. When cooperatives nurture such values among members, it is natural that such values will be reflected in their personal life too.

## METHODOLOGY

The study is based on empirical analysis. Hence field survey method was adopted. As it covers both rural and urban area, multi-stage random sampling procedure has been employed to select the area as well as respondents.

**Area Description:** Dindigul District, which is of very recent origin in 1985, was carved out of the erstwhile Madurai district in Tamilnadu. Dindigul being the head quarter town of the district has a very rich history. It is located between 10°05" and 10°9" North latitude and 77°30" and 78°20" East longitude. It is bounded by Erode, Coimbatore, Karur and Trichirapallii districts on the North, by Karur and Trichirapalli districts on the East, by Madurai and Theni districts on the South and by Coimbatore district and Kerala State on the West. The District consists of three revenue divisions viz., Dindigul, Palani and Kodaikanal and seven taluks viz., Dindigul, Natham, Vedasandur, Nilakkottai, Palani, Kodaikanal and Oddanchatram and 14 blocks. (*Development Block is a local*

government body at the Teshil or Taluka level in India. It works for the villages of the Teshil or Taluka that together are called a Panchayat Samiti. The Panchayat Samiti is the link between the Village Panchayat and the district administration).

Dindigul District has been selected purposively as the study area. However, the entire district has been divided into two geo-agro climatic regions namely, (i) western ghat region and (ii) plain up land region. This has been done on the rationale that since cooperatives deal with agricultural and related activities at primary level, geo-agro climatic factors largely exert a greater influence over cooperative activities of the people than any other factors.

**Selection of villages:** For selecting the villages for the study, as the first step, all the blocks in each region were classified in to three clusters based on existence of viable cooperative institutions, particularly Primary Agricultural Cooperative Banks/ Societies viz., blocks with more of viable cooperative institutions, blocks with less of viable cooperative institutions and blocks with neither more nor less of viable cooperative institutions. Three blocks at the rate of one block per cluster were selected on simple random basis. To select villages for the study the methodology adopted for selection of blocks was repeated. Thus 18 villages from six blocks were selected for the study. Besides an urban center from each geo agro climatic region was selected on convenience basis for conducting field survey in urban area.

**Table1:** List of the Sample City/Urban Area and Villages

Region	Block	Villages	City/Urban
Western Ghat ACR 1	Author Oddanchatram Palani	Ayyampalayam Sittayankottai Pithalaipatty Chatrapatty Idayakottai Keeranur Peria kalayamputhur Malayagoundenpatty Kamakkampatti	Palani
Plain up land ACR 2	Sanarpatty Vedasandur Vadamadurai	Kanavaipatti Kosavapatti Kambiliampatti Kasipalayam Thottanampatti V.Ammapatti V.Mettupatti Pilathu Vadamadurai	Dindigul

ACR – Agro-Climatic Region

**Selection of respondents/households:** Since the study intends to assess the social impact of cooperatives among people in general and members of cooperative societies in particular, the sample for the study obviously would include both member and non member respondents. So far as the proportion of members and non members constituting the sample for the study is concerned, the state average figure related to coverage of households by cooperatives has been considered. It comes to around 75 percent while the national average figure comes to around 70 percent. On snow ball basis, by adopting Disproportionate to size sampling (Quota sampling) 20 member users per village (360) and 90 member users per urban center (180) were selected as respondents for the study. Thus, 540 member households constitute the sample for the study.

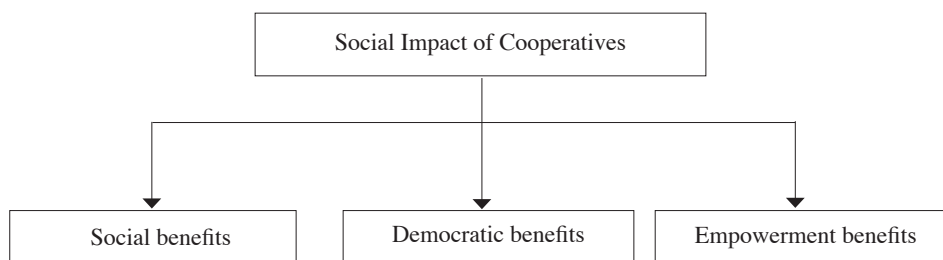
**Tools and techniques for data collection:** As the issues to be addressed in the study are of qualitative and quantitative nature, different tools and techniques have been used. Besides Personal Interview (PI) for administering the Structured Interview Schedule (SIS) among the respondents, Focus Group Discussion (FGD) and a few Participatory Rural Appraisal (PRA) techniques have been used.

**Focus Group Discussion (FGD):** Qualitative research encompasses several different techniques. Focused Group Discussion is one important technique among them. “Full Group Type” (A Full Group consists of a discussion of approximately 90 to 120 minutes, led by a trained moderator involving 8 to 10 persons who are based on their common demographics, attitudes or germane to the topic) (Greenbaum 1998) focus group has been used. Focus Group Discussion Guides (FGDG) were prepared, pre tested and finalized. FGD in general contained hints under three broader headings namely, Introduction, Warm up session and Issue for focused discussions. The issues affecting the efficiency and effectiveness of Cooperatives in delivering social benefits to people in particular and the economy in general were gauged through FGDs.

**Participatory Rural Appraisal Techniques (PRA):** PRA is “a family of approaches and methods to enable the rural people to share enhances and analyzes their knowledge of life and conditions to plan and to act” (Chambers Robert 1985). In this wide range of techniques available, a few of the PRA exercises were used in this study.

**Table 2:** List of Variables

Independent Variables	Dependent Variables
Demographic <ul style="list-style-type: none"> <li>▪ Age</li> <li>▪ Gender</li> </ul> Social <ul style="list-style-type: none"> <li>▪ Education</li> <li>▪ Family size</li> <li>▪ Exposure to mass media</li> <li>▪ Contact with change agents</li> <li>▪ Social participation</li> </ul> Economic <ul style="list-style-type: none"> <li>▪ Total assets</li> <li>▪ Family income</li> <li>▪ Occupation</li> <li>▪ Size of land holdings</li> </ul> Cooperative indicators <ul style="list-style-type: none"> <li>▪ Duration of membership</li> <li>▪ Proportion of borrowings from cooperatives</li> <li>▪ Participation in cooperative management</li> <li>▪ Services availed from cooperatives</li> </ul>	Realization of: <ul style="list-style-type: none"> <li>▪ Social benefits of Cooperatives</li> <li>▪ Democratic benefits of Cooperatives</li> <li>▪ Empowerment benefits of Cooperatives</li> </ul>

**Chart 1:** Social Impact of Cooperatives – A Framework for Analysis

## FINDINGS

### Inferences

Performance of Cooperatives in the district – A bird’s eye view: At present, there are 197 Primary Agricultural Cooperative Banks, one District Central Cooperative Bank with 17 branches, 6 Primary Agricultural and Rural Development Banks, 4 Urban Cooperative Banks, 52 Employees Thrift and Credit Cooperative Societies, 21 Housing Cooperative Societies, 32 Primary Handloom Weavers’ Cooperative Societies, 7 Industrial Cooperative Societies, 15 Primary Consumer Cooperative Stores and 84 Students’ Cooperative Stores and a District Consumer Cooperative Wholesale Store. Moreover, there are 3 Agricultural Producers’ Cooperative Marketing



Societies and 549 Primary Milk Producers' Cooperative Societies affiliated to the District Milk Producers' Cooperative Union. Out of 1.75 million total populations 92 percentage of eligible population and cent percent of villages in the District are covered by cooperatives. They have been rendering services at an annual growth rate of 5.8 percent in the district. Their role of promoting the economic life of people in general and weaker sections in particular is very significant.

**Table 3:** Cooperatives in Dindigul District, 2006-2007 (Average)

(USD in Millions)

Key indicators	Types of Cooperatives							
	ACCs		NACCs		ANCCs		NANCCs	
	Amount	AGR (%)	Amount	AGR (%)	Amount	AGR (%)	Amount	AGR (%)
No. of societies	204	-	77	-	227	-	105	-
Membership (in numbers)	413528	1.92	125232	2.8	128748	-3.47	72810	1.59
Share capital	42.00	3.01	20.93	9.11	01.06	-2.58	02.60	2.28
Working capital	884.00	1.56	179.45	6.11	36.15	2.31	17.13	4.10
Loans disbursed	57.96	3.94	100.13	2.64	-	-	-	-
Loans outstanding	603.91	4.78	152.21	5.49	-	-	-	-
Recovery of loans	27.14	7.47	99.45	4.38	-	-	-	-
Business operations	-	-	-	-	46.67	2.62	86.87	7.21

ACCs-Agricultural Credit Cooperatives; NACCs-Non-Agricultural Credit Cooperatives; ANCCs- Agricultural Non-Credit Cooperatives; NANCCs-Non- Agricultural Non-Credit Cooperatives. AGR-Annual Growth Rate

### Inferences on the Realization of Social Benefits of Cooperatives by Respondents

**Table 4:** Multiple Linear Regression Model – Perception of Members on the Social Benefits of Cooperatives

Independent Variables	Among Members (β)	Among Landowning Members (β)	Among Landless Members (β)	Among Urban Members (β)	Among Rural Members (β)
<b>Demographic</b>					
Age	0.185**	0.116*	0.180**	0.166*	0.128*
Gender	-0.246	-0.511	0.866	-0.984	0.133
<b>Social</b>					
Education	3.235 E-02	-0.143	5.127 E-02	0.325*	-0.206

**Table 4:** Cont

**Table 4: Cont**

Family size	-0.143	-0.860*	0.659*	1.023*	-0.535*
Neighborhoodness	0.129	0.328	7.174E-02	0.648*	-7668 E-02
Contact with change agents	-1.432E-02	0.306**	-0.313**	-0.300*	8.217 E-02
Exposure to mass media	0.454**	8.254E-03	0.609**	0.905**	0.322*
Social participation	0.207	-5.45E-02	0.263	0.960*	0.104
<b>Economic</b>					
Assets	-9.847E-06**	-	-	-.978E06**	-1.612 E-5**
Family Income	3.931 E-06	-1.500E-05	-1.062E-05	-2.847E-02	6.497E-06
Occupation	-1.233	-	-	-1.318E-02	-1.311
Land size	5.382E-02	-	-	-	0.271
<b>Cooperative</b>					
Duration of membership	-0.101*	-5.121 E-02	-7.305E-02	-0.350**	-7129E-03
Proportion to total borrowings	4.237E-02**	1.657 E-02	2.188E-02	3.810E-02*	4.065E-02**
Participation in cooperative management	7.219E-02	1.149 E-03	9.811E-02	-6.198E- 02	1.128E-02
Knowledge about cooperative management	-	-0.168	0.363	0.443*	-4.228E-02
Service availed from Cooperatives	0.156	0.601	-0.310	-0.474	0.450
Constant	12.378	20.221	4.620	-5.546	20.617
R <sup>2</sup>	0.123**	0.151**	0.189**	0.368**	0.149**
N	540	282	258	172	368

\* Significant at 0.05 level, \*\* Significant at 0.01 level

This section addresses people perception on the social benefits of cooperatives through survey statements, results of statistical analysis, and inferences of Participatory Rural Appraisal (PRA) and Focus Group Discussions (FGD). For the purpose of statistical analysis, responses of the respondents were measured in six point Likert's scale (viz., strongly agree, agree, neither agree nor disagree, strongly disagree, disagree and do not know). Index scores for each member and non-member on the social benefits of Cooperatives was arrived at. Based on the index score, respondents were grouped in to three categories namely low (scores between 1 and 28), medium (scores between

29 and 57) and high (scores between 58 and 84). A higher score implies that the respondent has a greater perception on social benefits of Cooperatives. For the purpose of analysis, members were categorized by considering their place of domicile and land holdings.

Analysis of MLR model (Table 4) reveals that the demographic indicator namely age has positive significant effect to have greater realization of the social benefits of Cooperatives among all categories of members. Supersession of the board of management of Cooperatives and non-conduct of elections to Cooperatives for more than three decades in Tamilnadu have denied the opportunity to realize the social benefits of Cooperatives by youngsters.

Among social indicators, mass media play a very important role to realize the social benefits of Cooperatives. Higher level of education, greater exposure to mass media and high social participation of urban members, aggressive use of mass media to disseminate the schemes and programmes of the Government, which are implemented by Cooperatives exclusively for the benefit of landless people and non-farm sectors have enabled to realize the significance of the social role of Cooperatives by landless and non-farm sector beneficiaries of Cooperatives (Table 4).

The social indicator namely family size has negative significant effect among land owning members in rural area due to provision of membership according to land ownership to land owning households whereas the entire family members of a landless household can have membership in Cooperatives. Moreover, it is a fact that non-farm services of Cooperatives in urban area are availed by the entire family members in their individual capacity. So far as economic indicators are concerned, Cooperatives do not discriminate members on the basis of economic indicators to provide social benefits (Table 4).

Among the Cooperative indicators, duration of membership has negative significant effect among members in general and urban members in particular. However the variable namely proportion of borrowings from Cooperatives has positive significant effect to realize social benefits of Cooperatives by members in general and members in urban and rural areas in particular. This shows that although Cooperatives have not discriminated members on the basis of social and economic indicators including membership duration, extent of utilization of services of Cooperatives as a factor has positive significant effect to realize social benefits of Cooperatives among members (Table 4).

In the Focus Group Discussion held among members of different age groups in Kasipalayam village ACR2, it is observed that elderly members of Cooperatives command a high respect in villages. They enjoy a higher social status. The younger members draw support from them while using the services of their Cooperatives.

“Most of the elderly members are our teachers so far as the subject cooperative society is concerned. Their rich experiences help us to go ahead and use the services of the cooperative society”.

(Younger members in Kasipalayam village in ACR2, Dindigul District)

While discussing the role of intermediaries including the change agents, it is observed that the participants in FGD did not feel any need for the intervention of influential persons to avail service from Cooperatives. Whereas even to get a jewel loan from commercial banks, introducer (person who is known by the bank) is required. Some of the participants have felt that recommendation of government official is required.

“Without the recommendation of Block Development Officer / Field Officer / Revenue officials, no member of the weaker section can avail loan from cooperative societies”

(FGD among villagers in Jathigoundenpatti village in ACR2, Dindigul District)

While discussing the purposes of membership in Cooperatives it is observed among villagers including women that they have joined the society with the intention of getting loan. They name the Primary Agricultural Cooperative Credit Society as ‘loan society’ and Primary Milk Producers’ Cooperative Society as ‘cattle loan society’. They said,

“We need not go to the society when loan is not available ...  
Unless we go there, we cannot avail the loan”.

(FGD with members in Kasipalayam village in ACR2, Dindigul District)

When the same participants were asked, “why can’t you go to the society to avail other services than loan?” They said, “there is no marked difference between the service features of Cooperatives and the open market”.

From the above analysis, it can be inferred that education, social participation and exposure to mass media play an important role in deriving social benefits of Cooperatives. Cooperatives do not discriminate members on economic grounds to provide social benefits. They advocate equality among members. Moreover, availing the services of Cooperatives serves as a tool to realize the social benefits of Cooperatives. Nevertheless, provision of membership according to land ownership

basis and absence of democracy in Cooperatives remain as a barrier to realize social benefits of Cooperatives.

### Inferences on the Realization of Democratic Benefits of Cooperatives by Respondents

**Table 5:** Multiple Linear Regression Model – Perception of Members on the Democratic Benefits of Cooperatives

Independent variable	Among Members ( $\beta$ )	Among Landowning Members ( $\beta$ )	Among Landless Members ( $\beta$ )	Among Urban Members ( $\beta$ )	Among Rural Members ( $\beta$ )
<b>Demographic</b>					
Age	0.171**	0.118	0.265*	0.149	0.166*
Gender	0.869	-1.161	2.253	3.926	-0.580
<b>Social</b>					
Education	-0.107	0.282	-0.402	-0.386	0.176
Family size	-0.158	-1.386*	0.526	0.947	-0.505
Neighborliness	-0.386	0.149	-0.884	0.454	-0.461
Contact with change agents	-2.266 E-02	0.155	-0.500*	-0.507*	8.403 E-02
Exposure to mass media	1.059**	0.361	1.771**	2.712**	0.552*
Social participation	0.261	0.938*	-0.172	0.637	0.368
<b>Economic</b>					
Assets	-7.236 E-07	--	--	4.329 E-06	-2.502 E-05**
Family income	2.283 E-07	2.637 E-05	-1.225 E-05	-2.994 E-05	1.473 E-05
Occupation	0.377	-	-	0.365	0.775
Land size	0.227	-	-	-	0.458*
<b>Cooperative</b>					
Duration of membership	-2.816 E-04	-9.765 E-02	1.898 E-02	-0.193	-9.141E-03
Proportion to total borrowing	5.016 E-02**	8.226 E-02**	9.037 E-03	-9.465 E-03	7.984 E-02**
Participation in cooperative management	-4.223 E-02	-0.153	0.103	-6.2333E-02	-4.755E-02
Services availed from Cooperatives	8.627 E-02	-9.236 E-02	-0.319	-1.035	0.694
Constant	40.398	45.193	38.764	18.388	44.241
R <sup>2</sup>	0.097**	0.211**	0.180**	0.203**	0.160**
N	540	282	258	172	368

\* Significant at .05 level, \*\* Significant at 0.01 level.

The results of MLR model (Table 5) reveal that demographic indicator namely age has positive significant effect to have greater realization of democratic benefits of Cooperatives to members in general and landless members and rural members in particular. In the Focus Group Discussion, it is observed that elderly members of Cooperatives alone are in a position to compare the state of affairs of present Cooperatives to what existed prior to the supersession of the board of management in 1976. Hence, they are very articulate about the democratic benefits of Cooperatives.

Table 5 also shows that among social indicators family size has negative significant effect among landowning members since head of the farming household alone is provided with membership in agricultural Cooperatives. Other members of the family do not have opportunity to participate in the democratic forum of Cooperatives. Moreover, while clarifying the issue viz., who actually participates in the cooperative management? it is observed that loan defaulters are denied of their voting right especially in primary agricultural credit Cooperatives. In milk producers' cooperative society non-users are permitted to take part in cooperative management. They seem to be majority in the decision making forum. Yet, exposure to mass media and social participation are important factors to realize democratic benefits of Cooperatives. (Table 5)

So far as economic indicators are concerned, family income as well as size of land holdings have positive significant effect among landowning members particularly among rural members due to assumption of leadership majority by land owning members in rural area. However, total assets as a factor has negative significant effect among rural members due to incentives and encouragement of the government to weaker sections to participate in the management of Cooperatives. Yet, economically strong who could borrow more from Cooperatives derive more democratic benefits of Cooperatives (Table 5).

In the Focus Group Discussion among villagers in Idayakottai village, ACR1, it is observed that elderly members of Cooperatives alone are in a position to compare the state of affairs of present Cooperatives to what existed prior to the supersession of the board of management in 1976. Hence, they are very articulate about the democratic benefits of Cooperatives.

“The present members who fall in 30-35 years age category never attended cooperative elections except the recent one; they never participated in general body meetings; they met no cooperative leaders, nor did the leaders in turn meet them. The younger members still view Cooperatives as an organization of the government delivering needy services to people”.

(FGD with villagers in Idayakottai village, ACR1, Dindigul District)

While clarifying the issue (Group Discussion) viz., who actually participates in the cooperative management? It is observed that loan defaulters are denied of their voting right especially in primary agricultural credit Cooperatives. In milk producers' cooperative society non-users are permitted to take part in cooperative management. They seem to be majority in the decision making forum. Hence, user members hesitate to participate in decision making as they are a minority. Of late, weaker sections, in the name of caste and political organizations seem to take up the lead in Cooperatives.

To sum up this part people in general and members of Cooperatives in particular have high perception on the democratic benefits of Cooperatives particularly on the benefits of self governance, benefits to individuals and the society. The factors such as place of domicile and landownership have very little effect to derive democratic benefits of Cooperatives. Although demographic, social and economic indicators of member respondents have significant effect to derive greater democratic benefits of Cooperatives, among Cooperative indicator variables proportion of borrowings from Cooperatives and participation in cooperative management have strong evidences of positive significant effect to derive democratic benefits of Cooperatives greatly by members. Thus, people view Cooperatives as democratic institutions of self governance wherein each member derives democratic benefits. Since the Cooperatives are also viewed as institutions promoting unity and solidarity among people, leadership and collective action etc., the democratic benefits offered to the society is highly appreciated.

### **Inferences on the realization of empowerment benefits of Cooperatives by**

**Table 6:** Multiple Linear Regression Model – Perception of Members on the Empowerment Benefits of Cooperatives

<b>Independent variable</b>	<b>Among Members (β)</b>	<b>Among Landowning Members (β)</b>	<b>Among Landless Members (β)</b>	<b>Among Urban Members (β)</b>	<b>Among Rural Members (β)</b>
<b>Demographic</b>					
Age	0.468**	0.632 **	0.272*	0.352*	0.484**
Gender	3.249*	1.050	4.974*	4.558	2.688
<b>Social</b>					
Education	0.388*	0.487*	0.208	1.169**	7.861 E- 02
Family size	-0.487	-2.242**	1.215*	1.302	-0.964
Neighborhoodness	0.327	0.939*	-0.103	0.810	3.738 E -03

**Table 6:** *Cont.*

**Table 6:** *Cont.*

Contact with change agents	-0.278*	-0.129	-0.331	-0.240	-0.305**
Exposure to mass media	0.725**	0.122	1.315**	1.477*	0.665*
Social participation	0.223	0.151	0.922**	3.610**	-9.663 E -02.
<b>Economic</b>					
Assets	-2.417 E -05**	-	-	-1.894 E -05**	-3.909 E -05**
Family income	3.405 E -05 *	3.317 E- 05	4.512 E -05	1.680 E- 05	2.253 E- 05
Occupation	0.188	-	-	-0.608	0.155
Land size	0.209	-	-	-	0.558
<b>Cooperative</b>					
Duration of membership	-8.062 E-02	-0.292*	2.735 E -02	-0.647**	-8.915 E - 02
Proportion to total borrowing	4.013 E-02 *	4.005 E- 02	1.631 E- 02	- 1.317 E -02	5.100 E -02*
Participation in cooperative management	0.362 **	0.196	0.681**	0.397*	0.270 *
Services availed from cooperatives	-0.222	0.863	-1.980*	-3.546**	1.615*
Constant	23.720	27.240	18.577	-14.442	34.056
R <sup>2</sup>	0.151**	0.220**	0.224**	0.364**	0.182**
N	540	282	258	172	368

\* Significant at 0.05 level, \*\* Significant at 0.01 level

The results of MLR model (Table 6) show that duration of membership has significant negative effect among landowning and urban members. However, proportion of borrowings to total from Cooperatives has positive significant effect among members in general and members in rural area in particular. Similarly, services availed from Cooperatives have positive significant effect among rural members, whereas it has negative significant effect among landless members and urban members. This indicates that availing services of the Cooperatives serves as a tool to derive empowerment benefits of Cooperatives. Moreover, availing even less services of Cooperatives too enables to derive empowerment benefits. Further, participation in cooperative management enables to derive greater empowerment benefits of Cooperatives by members in general and landless, urban and rural members in particular. Hence, it is evident that Cooperative indicators have significant effect to derive empowerment



benefits of Cooperatives greatly by members. Moreover, focus group discussion reveals that women member enjoy greater empowerment benefits including profit sharing than non-member women (Table 6).

**Empowerment benefits – profit sharing to women in the family:** Although majority of members have high opinion on the women's empowerment benefits of Cooperation, it is well known that women generally do not come out from their home and derive the empowerment benefits (Lalitha 1996). They derive empowerment benefits in their family for the degree of their involvement in defining, deciding and directing their family matters. However, they are deprived of profit sharing in their family. Whether the above trend prevails in all families including member households? Have cooperatives helped women in member households to derive profit sharing? Beyond the known phenomenon of employment generation among women, are women empowered to 'profit-sharing'? This question was discussed in a PRA – Decision Matrix exercise among women members who run milk producers cooperative society. In order to find out the differences in the perception of empowerment benefits of Cooperatives, this exercise was conducted separately among members and non-members.

**Table 7:** Empowerment among Member and Non-Member Women (Decision Matrix – Pra Exercise)

Issues under reference	Members (score 10)		Non-members (score 10)	
	Men Decide	Women decide	Men Decide	Women decide
<b>Adoption</b>				
Breed selection	6 (60)	4 (40)	6 (60)	4 (40)
Animal choice	6 (60)	4 (40)	6 (60)	4 (40)
Mode of purchase	8 (80)	2 (20)	4 (40)	6 (60)
Cost of the animal	8 (80)	2 (20)	6 (60)	4 (40)
Number of animals	8 (80)	2 (20)	8 (80)	2 (20)
<b>Maintenance</b>				
Feeding method	8 (80)	2 (20)	5 (50)	5 (50)
Nature of feeds	8 (80)	2 (20)	6 (60)	4 (40)
Cleaning & upkeep	6 (60)	4 (40)	6 (60)	4 (40)
Milching	8 (80)	2 (20)	5 (50)	5 (50)
Medical care	4 (40)	6 (60)	4 (40)	6 (60)

**Table 7:** Cont.

**Table 7: Cont.**

Impregnation method	8 (80)	2 (20)	4 (40)	6 (60)
Maintenance of record	8 (80)	2 (20)	4 (40)	6 (60)
<b>Sale of milk</b>				
Sources of sale	8 (80)	2 (20)	5 (50)	5 (50)
Sale quantity	8 (80)	2 (20)	8 (80)	2 (20)
Receipt of cash	6 (60)	4 (40)	4 (40)	6 (60)
Maintaining the account	8 (80)	2 (20)	4 (40)	6 (60)
<b>Sale of manure</b>				
Time of sale	8 (80)	2 (20)	--	10 (100)
Price negotiation	8 (80)	2 (20)	4 (40)	6 (60)
Mode of sale	4 (40)	6 (60)	--	10 (100)
Receipt of cash	8 (80)	2 (20)	--	10 (100)
<b>Profit sharing</b>				
Sale of farm yard manure	7 (70)	3 (30)	4 (40)	6 (60)

Note: Figures in parentheses are percentages to 'N' score.

This exercise was conducted among women in Pallapatti village in Dindigul district, ACR2.

From the analysis (Table 7), it may be inferred that member respondents in general and user members in particular have a high perception of empowerment benefits of Cooperatives. However, most of the women members do not participate in the affairs of Cooperatives. Although, they enjoy empowerment benefits at home, most of them are deprived of profit sharing. However, member women enjoy greater empowerment benefits including profit sharing than non-member women.

### **Barriers Impinging Social Contributions of Cooperatives**

**Problems related to constitution of cooperatives:** In the realization of social benefits of Cooperation, majority of members in general and landowning rural members in particular felt that existence of inactive members in the cooperatives has resulted in inefficiency among Cooperatives. Non – repayment of loans promptly in time, lack of participation in the management and administration of Cooperatives, absence of ownership spirit, visualizing Cooperatives as an institution for availing benefits of the government, and absence of commitment to the cause on the Cooperatives have hampered the social contributions of Cooperatives.

**Table 8:** Problems in the Constitution of Cooperatives

Problems	Category of members			
	Landowning (N =282)	Landless (N= 258)	Urban (N= 172)	Rural (N= 368)
Inactive members	280 (99.30)	257 (99.60)	172 (100.0)	365 (99.28)
Adoption of universal membership	258 (91.52)	243 (94.21)	156 ( 90.7)	345 (93.08)
Lack of cooperative education	276 (97.09)	258 (100.0)	172 (100.0)	362 (98.04)

Figures in parentheses are percentages to N' total

Members in urban area reveal that inactive membership in Cooperatives is a barrier to the realization of social benefits of Cooperatives. Although urban members have got fairly higher level of education and exposure to mass media than members in rural area, the problems of inactive membership remain common to both rural and urban members.

The problems related to constitution of Cooperatives are also aggravated by the policy of adoption of universal membership. Landowning members indicated that adoption of universal membership in Cooperatives is the major reason for infiltration of power and politics in Cooperatives. Landless members found this as the root cause for changing membership behaviour in Cooperatives. Urban members view that adoption of universal membership is the major cause for increase in inactive membership in Cooperatives. The constitution of Cooperatives is also affected by lack of informed membership. Cooperatives require individuals who can shoulder the responsibility of membership in Cooperatives at any point of time.

While referring to area of operation of the cooperative society, majority of members felt that wider area coverage has widened the anonymity among members although the benefits of scale advantages in business transactions are accrued. Moreover, serving the heterogeneous needs and wants of people by a Cooperative resulted to various segmentations among its members. When people with unmet needs and wants constitute membership in Cooperatives, they justify their changed behaviour against Cooperatives by drawing strength and support from other agencies and institutions which aim at counter-fitting or outstripping the Cooperatives.

**Problems related to management of Cooperatives:** Absence of homogeneous interest and group in the management structures, lack of autonomy in decision making, personal based voting, political interventions and group dynamics with personal objectives, group rivalries and group coterie, poor transparency in management affairs, absence of accountability and responsibility among elected as well as official leaders etc., are highlighted as limiting factors of maximization of social benefits of Cooperation.

**Table 9:** Problems in the Management of Cooperatives

Problems	Distribution of members			
	Landowning (N =282)	Landless ( N= 258)	Urban (N= 172)	Rural (N= 368)
Lack of Autonomy	247 (87.6)	242 (93.8)	169 (98.3)	320 (87.0)
Voting right to inactive members	278 (98.6)	252 (97.7)	171 (99.6)	359 (97.6)
Political intervention	259 (91.8)	252 (97.7)	168 (97.7)	343 (93.2)
Lack of management accountability	277 (98.2)	258 (100.0)	172 (100.0)	363 (98.6)

Figures in parentheses are percentages to N' total

**Problems related to administration of Cooperatives:** State intervention in Cooperatives, forced implementation of the Government schemes and programmes through Cooperatives, malpractices and mal-administration, management by special officers are limiting the social contributions of Cooperatives. Land owning members revealed that State intervention in Cooperatives although has helped to expand the scope of activities of Cooperatives, has created willful defaulters among members.

**Table 10:** Problems in the Administration of Cooperatives

Problems	Distribution of members			
	Landowning (N =282)	Landless ( N= 258)	Urban (N= 172)	Rural (N= 368)
State intervention	255 (90.4)	237 (91.4)	167 (97.1)	365 (99.2)
Improper implementation of govern- ment schemes and programmes	237 (84.0)	225 (87.2)	157 (91.3)	305 (82.9)
Malpractices	277 (98.2)	258 (100.0)	172 (100.0)	363 (98.6)
Management by government deputed special officers	232 (82.3)	227 (88.0)	153 (89.0)	306 (83.2)

Figures in parentheses are percentages to N' total

**Problems related to services of Cooperatives:** Lack of needy services, inadequate quality and quantity services with Cooperatives and cumbersome procedures especially in availing financial services from Cooperatives are the major barriers affecting maximization of social benefits of Cooperatives.

**Table 11:** Problems in the Services of Cooperatives

Problems	Distribution of members			
	Landown- ing (N =282)	Landless ( N= 258)	Urban (N= 172)	Rural (N= 368)
Lack of provision of needy services	281 (99.6)	258 (100.0)	172 (100.0)	367 (99.7)
Inadequate supply of services	279 (98.9)	235 (91.1)	170 (98.6)	344 (93.5)
Cumbersome procedures	273 (96.8)	254 (98.4)	169 (98.3)	358 (97.3)

Figures in parentheses are percentages to N' total

## CONCLUSION

Although there are several evidences depicting economic significances of cooperatives, the foregoing analysis emphatically proves the social significances of cooperatives. Cooperatives advocate high social values, educate social harmony, cultivate social tolerance and bring unity and integration. They bring attitudinal as well as change in the outlook of people and strive to preserve high human values. They preach democracy in every wake of human life and avert competition and exploitation for private profiteering. They do not discriminate anybody on any ground. Rather they discriminate individuals on moral and ethical grounds. People in general and members of cooperatives in particular have high perception on the democratic, social and empowerment benefits of Cooperation. They view cooperatives primarily as social institutions where economic benefits can also be availed especially by those who are deprived of resources. They attempt to bring social heights through economic means as well. Long years of membership in cooperatives, increased use of services of cooperatives and greater participation in the management of cooperatives have enabled to derive greater social benefits of Cooperatives by members. Level of education and exposure to mass media also play a very important role in this regard. Hence, whatever be the lapses and ineffectiveness in the economic achievements of cooperatives, the social, democratic and empowerment benefits rendered to individuals, community and the society at large by cooperatives are very explicit and appear forefront. Hence, no doubt that cooperative movement in the district has made sustainable social impact on the soil.

**Recommendations:** The study, based on the problems recommends a few measures of policy implications to maximize the social contributions of Cooperatives.

**State and the Cooperatives:** The role of State in the cooperative movement is very significant particularly in countries like India where the movement is the brain child of the State. The need for state intervention in Cooperatives is highly felt. But at the same time it is also felt that the basic characteristics of Cooperatives should also be preserved. In this regard it is suggested that the Government may enact two separate laws for Cooperatives: one for the aided cooperative societies in Tamilnadu and the other one for self-reliant Cooperative societies. The state government has to take all necessary efforts to bring the aided Cooperatives to be self-reliant in due course. Gradual withdrawal of state partnership in Cooperatives is advocated.

**Constitutional Protection to Cooperatives:** Although the Cooperatives are governed by the state legislature, it is suggested that constitutional amendments may be brought so as to preserve and practice Cooperatives on the line of their principles and philosophy. For example, conduction of election to Cooperatives, ensuring democratic management and administration, preserving autonomy and independence in decision making etc., can be ensured although they have been shattered by the operational guidelines and procedures as and when laid down by the state legislature. National Policy on Cooperation promulgated by the Central government can be put into operative only when constitutional amendments are brought at the national level. Moreover, effective utilization of pecuniary assistances of government appropriated to Cooperatives can be ensured when constitutional protection and constitutional bind of the State Government on the Cooperative Development Policy is made.

**Structural Soundness:** The super structures for Cooperatives are created on the presumption that they will ensure for balanced growth and perpetuation of Cooperatives and establish organizational link and business collaboration among Cooperatives at all levels. The unsolved problems of primary cooperatives are expected to be solved by their federal organizations. The federal organizations should function strictly in accordance with Agency Theory which highlights the significance of mutual economic gains to parties who constitute as a basic unit of the system although there are perversions in the relationship between and among Cooperative enterprises. Hence it is suggested that the constraints and problems in building up harmonious relationship/collaboration among and between Cooperatives need to be taken to bring every Cooperative institution to be a viable business unit.

**Change in Business Orientation:** The concept of customer orientation is very well inherent in Cooperatives. Because the common felt need of members of Cooperatives

are the foundation from where the very objectives of Cooperatives flourish. Hence the activities taken up by Cooperatives necessarily will be in tune to the needs and expectations of members. However, when Cooperatives are regarded as tools for economic emancipation among weaker sections, the need to take up the activities under the schemes and programmes of the government is quite obvious. Moreover, Cooperatives are expected to render their services to the general public. Hence when the services of Cooperatives are availed by non-members, the need to have consumer orientation by Cooperatives is felt. Unless Cooperatives do not meet the needs and wants of the members and non-members, expected operational viability as well as effectiveness of Cooperatives cannot be realized. Moreover, when the entire economic transactions are driven by market forces, the need to have marketing/consumer orientation by Cooperatives requires no emphasis. Steps, therefore, may be taken up to orient the Cooperatives on the marketing forces and competitive dynamics.

**Professionalism in Management:** Bringing professionalism in management is one of the toughest tasks in Cooperatives. Because professionalism as a subject matter is highly related with cost aspects, i.e., higher the professionalization, higher will be the cost of management. Since Cooperatives have their own limitations of not being profit oriented, they cannot afford to avail of the advantages of high professionalism. On the other hand, absence of professionalism in the management of Cooperatives may result to inefficiency and ineffectiveness. Keeping in view the above fact, professionalism to management of Cooperatives is highly felt. Although the Government has realized of the significance of professionalism for Cooperatives, it is suggested that professionalism should not be clubbed with bureaucracy. Since bureaucracy appears to be one of the reasons impinging the maximization of social benefits of Cooperatives, appropriate measures may be taken to segregate bureaucracy from professionalism in Cooperatives.

**Enlightened membership:** Since Cooperatives are economic organizations with social objectives, they require people with enlightenment who is fully convinced of the basic values/ principles and philosophy of Cooperation. Individuals who seek membership purely on business propositions cannot help the Cooperatives in accomplishing objectives. Even while the schemes and programmes for the development of people are implemented through Cooperatives, it is suggested that the scheme beneficiaries should be exposed of the basic requirements which the Cooperative organizations expect out of them. Universalisation of membership is strongly objected and the need for Cooperative education, training and extension is highly felt. Appropriate strategies may be evolved in this regard. Youth and women are to be encouraged to take part actively in Cooperatives.

## Estimation of Variables

1. **Age:** It is the number of years completed by the respondent.
2. **Education:** It is the number of years spent on school by an individual.
3. **Size of the Family:** It is the number of individuals living in a family.
4. **Social participation:** It is the total score of all membership and positions, which an individual holds in different institutions.
5. **Neighborliness:** It is measured as the sum total of all the individual scores on each item pertaining to neighborliness.
6. **Exposure to mass media:** It is measured as the total score which a respondent has in reading, viewing and listening and the intensity in each.
7. **Contact with change agents:** It is the total score and the frequency of contact with each of the change agents.
8. **Occupation:** Adoption of agriculture or other than agriculture occupations by the household. Scores given for them are 1 and 0 respectively.
9. **Total Income:** It is the annual income of the family i.e. Income derived from all sources.
10. **Total Assets:** This includes approximate monetary value of house, household articles, cattle assets, machines and equipments, financial assets and land.
11. **Land holdings:** The unirrigated and fallow land holdings were standardized as: 1 acre of irrigated land = 10 acres of unirrigated land = 100 acres of fallow land
12. **Borrowings:** Total amount borrowed from all the sources.
13. **Duration of membership:** It is the maximum number of year's membership in a cooperative society.
14. **Participation in cooperative management:** It is measured with the help of sum total of all the individual scores of each item pertaining to participation in cooperative management.
15. **Knowledge about cooperative management:** It is measured with the help of sum total of all the individual scores of each item pertaining to knowledge about cooperative management
16. **Services availed from cooperatives:** It is measured with the help of sum total of all the individual scores of each item pertaining to services availed from cooperatives.
17. **Social, Democratic and Empowerment benefits of Cooperation:** On each of the above, certain questions were asked on six point rating scale. The score for each item was taken as the Index for each one of the variables. The higher score denotes that the respondent has derived greater benefits.



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## AUTHORS' BACKGROUND

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