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### **Growth and Performance of Cooperative Societies in Meghalaya.**

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#### **ABSTRACT:**

Cooperative Societies are autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise. Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. Meghalaya, after getting statehood in 1972, adopted Assam Act of 1950 in 1976. With the coming into being as an Autonomous State on 2nd April 1970, Meghalaya inherited 472 Credit Co-operative societies but the number of cooperative societies has increased from 904 in 1970-71 to 1460 in 2014-15 which shows an increase of 61.50%. The cooperative movement in Meghalaya has assumed pivotal and additional role particularly after the fifth plan when the emphasis has shifted towards betterment of weaker sections of the society. This paper examines the growth and performance of Cooperative Societies in Meghalaya since 1970-71. The purpose of this study is to provide some feasible suggestions based on the findings, which may prove valuable for the future development of Cooperative Society in Meghalaya.

**KEY WORDS:** Co-operative, Meghalaya, Growth and Performance etc.

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## **INTRODUCTION:**

Co-operative movement started in the 1844 in England. This movement is known as Rochdale Pioneers. In India due to the misuse and abuse of agency system for rural credit by landlords, money lenders, zamindars during British Rule, this has led to search for some reform models. The first Cooperative Society Act of 1904 was enacted to enable formation of "agricultural credit cooperatives". The 1904 Cooperative Societies Act was later repealed by 1912 Cooperative Societies Act which provided for formation of Cooperative societies other than credit. In 1919 there was Administrative Reforms and Cooperatives were made a provincial subject making each province responsible for Cooperative movement and development. In 1942, the Government of India with an object to cover societies whose operations are extended to more than one state enacted the Multi-Unit Cooperative Societies Act. Later, in 1984, the Government of India enacted a comprehensive Act known as Multi State Cooperative Societies Act, 1984, which also repealed the Act of 1942. On the recommendation of the Mirdha Committee and the "Model Cooperative Societies Act" the Government of India enacted the Multi State Cooperative Societies Act, 2002 which provided for democratic and autonomous working of the Cooperatives. The Multi State Cooperative Societies Act, 2002 came into force with effect from August 19, 2002.

After independence Assam passed its own cooperative act namely the Assam Cooperative Societies Act, 1950. With the coming into being as an Autonomous State on 2nd April 1970, Meghalaya inherited 472 Credit Cooperative societies. In 1976 Meghalaya adopted the legacy Assam Act. During 1970-71, there were a total of 904 Cooperative societies in Meghalaya with a total membership of 40 thousand, Rs. 32.16 Lakhs of share capital and 119.62 Lakhs of working capital.

## **COOPERATIVES IN MEGHALAYA**

Prior to creation of Meghalaya on 2 April 1970 as an autonomous State, there were 472 Primary Agricultural Cooperative Societies (PACs) organized during the Assam Administration in the areas which formed Meghalaya and majority of those societies were practically non-existent. Therefore, the first task of the Government of Meghalaya was to re-organise the base level cooperative societies and restore confidence of the people in the Cooperative System. The Assam Cooperative Apex Bank which had looked after the areas of Meghalaya until its creation was bifurcated in the year 1971 and Meghalaya Cooperative Apex Bank (MCAB) was set up on 16th February 1971. The MCAB commenced banking business from 1 July 1971 after obtaining the required license from RBI. A Master Plan was formulated by RBI in consultation with the Cooperation Department, and the MCAB in the year 1974 and the implementation of the Master plan

had resulted in emergence of 180 viable and potentially viable PACs in the State. Under the Master Plan, the nomenclature of the PACs was changed to Service Cooperative Societies (SCS) to function as multipurpose Cooperative Societies and provide multifarious services to the rural masses as per requirements in the service areas.

The cooperative movement in Meghalaya has assumed pivotal and additional role particularly after the fifth plan when the emphasis has shifted towards betterment of weaker sections of the society. Meghalaya has many types of Cooperative societies like Credit, Housing, Handloom, Industrial, Fisheries, Consumers, Labour Contract, Transport, Poultry, Women, Joint Farming, Processing, Dairy, Piggery and other type of cooperative societies. These societies are functioning and working according to the aims and objectives provided in their by-laws and in accordance with the State Cooperative Act and Rules. The cooperative enterprise follows the principles of cooperation i.e. open and voluntary membership, democratic set-up, limited interest on capital, equal distribution of profit, co-operative education and co-operation among the cooperatives.

### **OBJECTIVES OF THE STUDY:**

1. To study the growth of cooperative movement in Meghalaya since 1970-71.
2. To examine the general performance of cooperative institution in Meghalaya since 1970-71.
3. To identify the problems and to make recommendation for further improvement in the functioning of cooperative institution in Meghalaya.

### **RESEARCH METHODOLOGY:**

A research design is a plan according to which observations are made and data is assembled. In view of the specific objectives, methodology followed in carrying out the present study involved mainly the use of data from secondary sources collected from various organisations like Cooperation Department, Government of Meghalaya, Various Statistical Abstracts and Statistical Handbooks of Meghalaya published by the Directorate of Economics and Statistics, Government of Meghalaya. Certain information are also collected by conducting interviews and discussions with the authorities, officials and employees of the head office and branches of the co-operative institutions which are directly and indirectly engaged with the activities of the co-operative institution. In addition to this, data have also been collected from other reliable sources like articles, journals and newspapers.

The data collected has been classified and arranged in table in one or more forms, according to the requirement of analysis. For analysis the result, Comparative study analysis helps in finding out the comparative change and the percentage change during the period studies. Comparative study indicates the direction of the movement with respect to the financial position. The percentage change

over the previous year can give the clear idea of the growth of the society in the state. It can be calculated by:

$$\frac{(B - A)}{A} \times 100,$$

Where, A = Amount in the previous year and,

B = Amount in the present year.

### **GROWTH OF COOPERATIVE MOVEMENT IN MEGHALAYA SINCE 1970-71**

This study devoted to present the growth of cooperative movement in Meghalaya since 1970-71 to 2014-15. It deals with the data pertaining to the number of Cooperative Societies and Membership covered under the cooperative movement.

#### ***Number of Co-operative Institutions in Meghalaya since 1970-71***

Meghalaya inherited 472 Primary Agricultural Cooperative Societies organized during the Assam Administration in the areas which formed Meghalaya and majority of those societies were practically non-existent. The cooperative movement virtually commenced with the launching of first five year plan. Since then, the cooperative movement has made a significant progress in various sectors. The description of the Growth in Number of Cooperative Institution in Meghalaya since 1970-71 has been shown in table 1

**Table. 1. Number of Co-operative Institutions in Meghalaya since 1970-71**

Description	1970-71	1979-80	1989-90	1999-00	2009-10	2014-15	% Increase
Total No. of Coop. Inst.	904	782	708	908	1339	1460	<b>61.50</b>

Source: Compiled from different Statistical Abstracts and Statistical Handbooks of Meghalaya.

The above Table 1 shows that the number of Cooperative Institutions in Meghalaya decreases from 904 in 1970-71 to 782 in 1979-80 and 708 in 1989-90. These were the period where the Government of Meghalaya re-organised the base level Cooperative Societies and restored back of confidence to the people in the Cooperative System. It then increases the number to 908 in 1999-00, 1339 in 2009-10 and then 1460 in 2014-15. Thus the percentage increase of Cooperative Institution in Meghalaya during the period of 1970-71 to 2014-15 was 61.50%.



Figure 1: Growth of Cooperative Institutions in Meghalaya from 1970-71 to 2014-15

### ***Membership of Co-operative Institution in Meghalaya since 1970-71***

Membership of a cooperative institution is open to all persons residing within its area of operation, irrespective of race, creed, colour or sex. The principle of universal membership has since been enshrined in the cooperative societies Acts of all the states. The description of the Growth in Membership of Cooperative Institution in Meghalaya since 1970-71 has been shown in table 2.

**Table 2 Membership of Cooperative Movement in Meghalaya since 1970-71 (Values in Thousands)**

Description	1970-71	1979-80	1989-90	1999-00	2009-10	2014-15	% increase
Membership('000)	40	79	126	151	178	174	<b>335</b>

Source: Compiled from different Statistical Abstracts and Statistical Handbooks of Meghalaya.



**Figure 2: Growth in the memberships in Cooperative institutions in Meghalaya (in Thousands) from 1970-71 to 2014-15**

It is evident from the Table 2 that memberships of Cooperative Institution in Meghalaya has increased over the years from 40 thousand in 1970-71 to 79 thousand in 1979-80, 1.26 Lakh in 1989-90, 1.51 Lakh in 1999-00 and 1.78 Lakh in 2009-10, then it decrease to 1.74 Lakh in 2014-15. Therefore the percentage increase of memberships in Meghalaya from 1970-71 TO 2014-15 WAS 335%.

## **PERFORMANCE OF COOPERATIVE INSTITUTION IN MEGHALAYA SINCE 1970-71**

The cooperative movement in Meghalaya has assumed pivotal and additional role particularly after fifth plan, when the emphasis has been shifted towards the betterment of weaker sections of the society. The performance of the cooperatives has been adjudged against their objectives namely, capital mobilization, credit disbursement, marketing and processing etc. This section deals with data pertaining to the share capital and working capital.

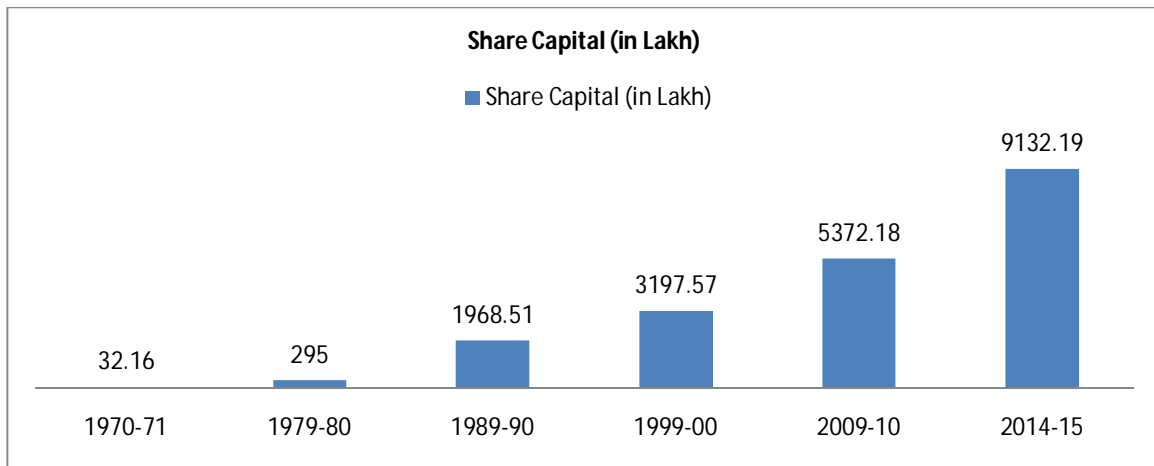
### ***Growth in Share Capital of Cooperative Institutions in Meghalaya since 1970-71***

Each individual who is admitted to the membership of a PACS is required to purchase at least one share. The borrowing members are required to purchase shares in a fixed proportion to their borrowings from the society. Thus, there is a linking of shareholdings with the borrowings of an individual member. This proportion is higher in case of big farmers and smaller in case of small and marginal farmers, rural artisans and other members belonging to the weaker sections of the society. The description of the growth in share capital in the cooperative institution in Meghalaya since 1970-71 has been shown in table 3

**Table 3. Growth in Share Capital of Cooperative Institutions in Meghalaya since 1970-71**

Description	1970-71	1979-80	1989-90	1999-00	2009-10	2014-15
Share Capital (in Lakh)	32.16	295.00	1968.51	3197.57	5372.18	9132.19

Source: Compiled from different Statistical Abstracts and Statistical Handbooks of Meghalaya.



**Figure 3: Growth in the share capital of Cooperative institutions Meghalaya (in lakhs) from 1970-71 to 2014-15.**

Table 3 reveals that the share capital of cooperative institutions in Meghalaya has risen up from Rs. 32.16 lacs in 1970-71, to Rs. 295.00 lacs in 1979-80, Rs.1968.51 lacs in 1989-90, Rs. 3197.57 lacs in 1999-00, Rs. 5372.18 lacs in 2009-00 and Rs. 9132.19 lacs in 2014-15.

***Growth in Working Capital of Cooperative Institutions in Meghalaya since 1970-71***

Working capital includes paid-up share capital, loans, deposits and funds created out of profit excluding fixed assets, locked in the building, etc. The description of the growth in working capital in the cooperative institution in Meghalaya since 1970-71 has been shown in Table 4.

**Table 4 Growth in Working Capital of Cooperative Institutions in Meghalaya since 1970-71**

Description	1970-71	1979-80	1989-90	1999-00	2009-10	2014-15
Working Capital (in Lakh)	119.62	1497.83	8813.84	33402.47	119649.89	227811.43

Source: Compiled from different Statistical Abstracts and Statistical Handbooks of Meghalaya.

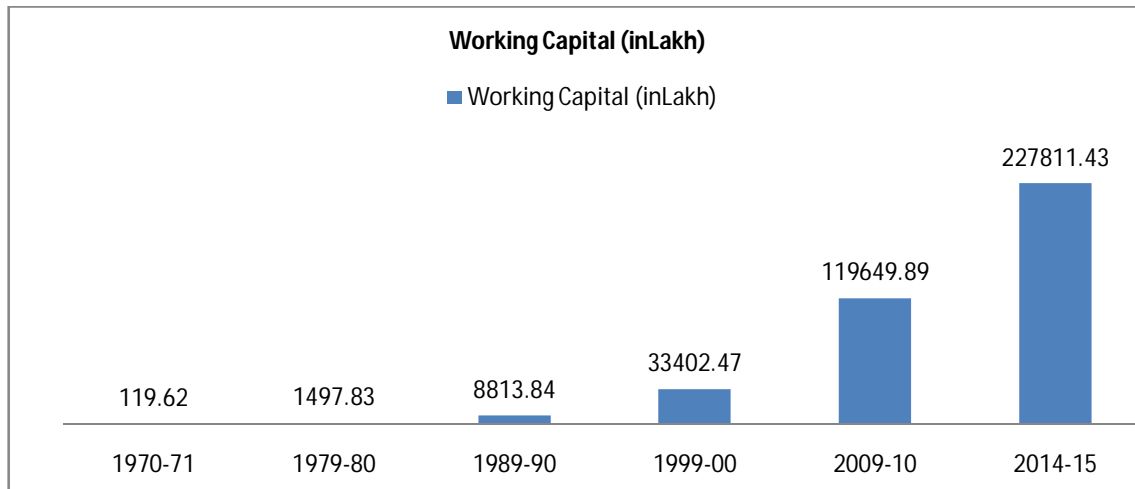


Fig 4: Growth in Working Capital of Cooperative Institutions in Meghalaya (in lakh) from 1970-71 to 2014-15.

The Table 5 indicates that the working capital of cooperative institutions has also gained from Rs.119.62 lacs in 1970-71 to 1497.83 lacs in 1979-80, 8813.84 lacs in 1989-90, 33402.47 lacs in 1999-00, 119649.89 lacs in 2009-10 and 227811.43 lacs in 2014-15.

## SUGGESTIONS

On the basis of appraisal of cooperative institution in Meghalaya the following suggestions are proposed which may be proved more useful to the organizational structure, growth and performance of cooperative institutions.

1. In Meghalaya, the Service Cooperatives (PACS) were re-organised under a Master Plan in the year 1974 and thereafter, no comprehensive review was taken to assess the impact of the re-organised SCS. During the last 40 years of business operation, the service cooperatives may have developed many weaknesses and they may have also faced certain operational problems, constraints and limitation particularly in respect of area operation, Village allocation, area demarcation & membership coverage etc. The re-organisation of SCS is the need of an hour for the future development of the Cooperatives.
2. Though, the Cooperative movement in Meghalaya have made significant progress during the last four decades. The membership coverage of cooperatives has to be increased and for this purpose, a suitable Action Plan may be drawn up to ensure attracting willing people to the cooperative fold. This is essential for the success of the cooperative movement as without involvement of the people and their active participation there cannot be a Cooperative Movement.
3. Cooperative institutions are voluntary service organizations, so qualified persons like teachers, doctors and other professionals should come forward to join and strengthen the cooperative



movement in rural areas by actively participating in the movement. Office bearers of any political party should be debarred from holding the post as an administrator of cooperative organizations. However, they may be allowed to become ordinary members of the organizations.

4. There is a serious lack of genuine and committed Cooperative leadership in Meghalaya. There is an urgent need to involve the traditional leaders, young men & women in the Cooperatives in increasing numbers as official leadership alone cannot carry forward the Cooperative Movement. Therefore, we can rightly say that the future of the Cooperative Movement of Meghalaya lies in the creation of enlightened & committed leadership who are skilful and professional workers, honesty and integrity.
5. The Officials of the Government cooperative department should encourage the office-bearers and workers of the cooperatives and should continue to appreciate their work. Good workers should be rewarded for their services. Cooperative departmental officials are the friends of cooperatives and are in no way, the controllers and directors of cooperatives. Their main job is to help and assist cooperatives and guide the workers through training and education programmes. They should conduct proper training to the members for administrating and controlling the cooperative organizations.
6. Cooperatives are integral part of our economic system. Cooperatives need to follow a sound recruitment policy and induct qualified, quality, and competent manpower in their management and functioning. Manpower development is a systematic process and training is an essential component for building up a competent, capable and committed workforce. Trained personnel can do their assigned role more efficiently and ensure viable functioning of their organization. It is essential for the cooperatives to assess their manpower requirement, training needs and get their office bearers and staff suitably trained regularly.
7. Cooperatives are incorporated organizations and they need to function as per objectives embodied in their Bye-laws and serve the members strictly as per rules & policy decisions framed by the Management and the Cooperative Societies Act & Rules. Cooperatives are required to function as a business organization and their old and outdated style of functioning has to stop. They need to follow best practices, such as, timely holding of Annual General Meeting and Managing Committee.
8. Cooperatives which hold larger amounts of deposit need to be extra-careful and vigilant in the management of funds. Funds should be invested carefully and wisely so that higher returns accrue to the organization and the members get added benefits. Higher returns to the members on their deposits add to the efficiency and goodwill of the cooperative. Members always participate in the institutions which bring them some economic benefits.

9. Cooperation is a state subject and the cooperatives need the support and guidance of the State Government in their promotion, development and working on proper line. The Government should not be a party to the functioning of the cooperatives. They should not interfere or intervene in their day to day functioning. The Registrar of Cooperative Societies needs to ensure timely conduct of audit of Cooperative societies, speedy disposal of arbitration cases, timely holding of Annual General Meeting and election of office-bearers, organize Symposiums, Seminars & Workshops and Awareness Programmes, Periodical evaluation of the impact of the cooperative sector in the economic development of the people.
10. The Cooperative Societies in Meghalaya are State sponsored institutions and they are yet to become people's organization. The Cooperatives have enormous potentialities for a growth of cooperation and economic development of the people in the state. Meghalaya is a comparatively friendly state and it will be helpful if a Cooperative Development Council is set up in the state to foster cooperative growth, their systematic promotion and progress on cooperative principles with the involvement of the people and their active participation. The Council will be an advisory body of experts consisting of eminent co-operators, Cooperative experts, Cooperative performance achievers, experienced Cooperative Officers, representatives of NABARD and State Level Cooperative organizations. The Development Council shall overview the performances of the Cooperatives, assess the impact of their development role, offer suggestions and measures for their effective governance, frame a road Map for the sector, etc so that the cooperatives can emerge as growth centres and nucleus of all socio-economic development activities of the people in the State.

## **CONCLUSION**

Cooperative helps strengthen basic and ethical values among members and the community at large. Each and every member, in some way, should participate in the business e.g., purchases from the cooperatives, sale to the cooperative, and save with the cooperative. By doing so the members strengthen their own organization, and also repose their confidence in their own organization. Participation in the business is the key to the success of a cooperative enterprise, by doing so the methods and techniques of doing business get refined and become more efficient. They are then able to gauge and satisfy the interests of members better.

A dedicated and honest person should hold the office in a cooperative. The person should be completely devoted to the cause, basis and principles of cooperation and should discharge his duties honestly and faithfully. The dedication and honesty is a natural trait and these get strengthened while performing duties with full devotion and sense of service to the cooperative and members.

Most of the people in rural areas depend their resources on the private money lenders who over charged the rate of interest. This definitely have severe impact on the farmers who may be forced to take extreme step of suicide when they are unable to repay back the loans. The cooperative credit institutions through the years have established strong rapport with the farmers by providing them credit at a reasonable rate thus saving them from the clutches of exploitative moneylenders. Presence of a formal cooperative credit structure has not only been a backbone for the farmers, but it has also provided them psychological confidence to face unforeseen circumstances. If these institutions are allowed to function without any political interference, they can be the best agencies on whom the distressed farmers can bank upon.

In the wake of the above, it clearly appears that strengthening the cooperative credit institutions have long term repercussions in serving the need of farmers. The need to establish new institutions in those areas where there is no formal banking structure has also become quite apparent.

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