

# The Problems and Challenges of Co-Operative Sectors in India

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## **ABSTRACT**

*This paper tries to analyze the cooperative sector in India with respect to its weaknesses, new challenges and the thrust areas to cope up with the globalization which came along with globalization. The era of 1990s saw a dramatic change in the Indian economy, when the new economic Policy introduced the concepts of Liberalization, Privatization and Globalization in the country. This altered the Indian economy and affected all the sectors of the economy. Since the ancient times, the cooperative sector has been one of the building pillars of the Indian economy.*

**Keywords:** Co-Operative Sector, Indian Economy, Globalization and Privatization etc.

## **I INTRODUCTION**

The origins of the urban cooperative Sectors movement in India can be traced to the close of nineteenth century when, inspired by the success of the experiments related to the cooperative movement in Britain and the cooperative credit movement in Germany such societies were set up in India. Cooperative sectors are based on the principles of cooperation, - mutual help, democratic decision making and open membership. Cooperatives represented a new and alternative approach to organization as against proprietary firms, partnership firms and joint stock companies which represent the dominant form of commercial organization. Cooperatives include non-profit organizations and businesses that are owned and managed by the people who use its services or by the people who live hybrids such as worker cooperatives that are also consumer cooperatives and multi-stakeholder cooperatives such as those that bring together civil society and local sectors to deliver community needs and tier cooperatives whose members are other cooperatives.

## **II OBJECTIVE OF THE RESEARCH**

- (a) To analysis the problems in co-operative sectors.
- (b) To Study the challenges in co-operative sectors.
- (c) A compare study of co-operative sectors and public sectors.
- (d) To study the Internal and external structural weaknesses of cooperative institutions, combined with lack in proper- policy support and their positive impact resulting in mismanagement, inefficiency and corruption in financing to cooperatives.

## **III RESEARCH METHODOLOGY**

- (a) The research methodology used is direct observation and survey done. The research design used in this research is the descriptive research design. Primary data are used for the research purpose and collected. The sources of primary data are Questionnaire and Personal Interviews.
- (b) The secondary data had been collected by Articles, case Study, Newspapers, various magazines, Research journals, Reports, websites, which are already been passed through the statistical process.

## **IV OBSERVATION AND DESCRIPTION**

- (a) It is observed that Co-operative sectors are doing their best to give quality service to customers as given below:
- (b) Customer relations are maintained by Branch Managers & Officers. However, special customer relation Executives/Officers is not there.
- (c) Co-operative sectors having problem of inconsistency in the quality of service. This is because human beings can't behave with same consistency.
- (d) Staff problem:-In Co-operative sectors employees feel secured & that is why they least bothered about giving satisfaction & delight to customers.
- (e) Service Culture is not developed in the Co-operative sectors.

(f) Technical problems: System failure is one of the basic problems. So officers and counter staff and sometimes manager have to face problems and there is unnecessary wastage of time of customers.

(g) Customers when they face problem like long queue, they shout and may create misguidance in the minds of other customers who are there at that time.

#### **Following are the basic causes of all these problems**

- (i) Customers in the Co-operative sectors are finding inconsistency in the quality because Co-operative sectors employees do not show consistency in their behavior.
- (ii) Customer orientation is lacking in Co-operative sectors.
- (iii) Employees' salary is not linked with customer satisfaction and it is offered to all even they give quality or not.
- (iv) Market, i.e. customers in India is heterogeneous. It means customers are from different background-cultural, social, economic, educational etc. So there expectations differ. Co-operative sectors have segmented the market but new way is required to look at this issue. It is very much essential to have precision in marketing in the light of competition from other sectors.
- (v) Illiteracy and fear of Co-operative sectors environment is a major hurdle in attracting rural masses. Similarly nature of job, migratory nature of people creates problems in Co-operative sectors related to products and services.

### **V STRATEGIES TO OVERCOME PROBLEMS RESISTANCE OF CUSTOMERS/ POTENTIAL**

#### **(a) Customers for Co-operative sectors**

Co-operative sectors industry is in service industry. So service characteristics, as given below, make Marketing of Co-operative sectors Services difficult.

**(b) Perish ability:** Co-operative sectors services are perishable. Similarly Co-operative sectors have funds are there to give as a loan, but there are no applicants. So interest lost by the Co-operative sectors for a particular time period is a loss forever. So Demand Management in Co-operative sectors is more difficult than goods.

**(c) Intangibility:** Co-operative sectors services cannot be seen, touched or felt. So advertising or promotion is very difficult. Marketers reach customers through Mouth publicity through

satisfied customers. It is the total resultant experience from bank which creates an impact.

**(d) Heterogeneity:** Co-operative sectors services cannot be standardized like goods. Co-operative sectors Marketing is an interactive Marketing. i.e. customers will have constant interaction with the service provider. So behind back of all services are employees i.e. human beings and they are complex and volatile. So Quality Control and standardization of Co-operative sectors Services are challenges before Marketer.<sup>9</sup>

**(e) Inseparability:** Customers have to approach Co-operative sectors to get services so he/she can be affected by other customers. So how to protect the customer from other customers ' adverse effect is also a challenge.

**(f) Competition:** Today Co-operative sectors have thrown to competition to other sectors. Customers have now a wider choice because they are in the buyer's market.

**(g) Illiteracy:** 25% people of rural India have either fear about handling work in Co-operative sectors. The reasons are being illiteracy, lack of knowledge about bank formalities, etc.<sup>10</sup>

### **VI FINDINGS AND SUGGESTIONS**

- (a) To awareness of the customers and members in rural areas.
- (b) The Corporate sectors should be updating a new technology.
- (c) The funds should provide for the investment purpose to customers in rural areas.
- (d) To face the big problems corporate sectors in rural areas because not available sufficient facilities.
- (e) Employees should not proper guide to customers in rural areas.
- (f) To facilitate smooth conduct of elections and general meetings the law should have provision for proxy voting in order.

### **VII CONCLUSION**

In a developing country like India and other countries that big problems and challenges faced by different area in corporate sectors. Focus on the paper mainly issues of rural area related to cooperative sectors. Considering the low living standards of normal people, perfect market and issues of considerations it is the primary duty of the government to ensure that it's all people has easy access to cooperative sectors. The need of cooperative sector in the era of liberalized, privatized and globalized environment is to seize every opportunity available to it. Thus, the future

vision of cooperative sectors will have to be based on efficiency parameters relating to promotion of excellence, improvement of operational efficiency and strengthening of financial resource based.

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