

Cooperatives: Linking With Rural Livelihoods

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Abstract

Cooperatives have been playing a vital role in the upliftment of the economic standards of the rural population since 1904. Based on its values and principles of cooperation, it has set a benchmarking mark to develop the economy in an inclusive and sustainable manner. With the formation of the Ministry of Cooperation in July 2021, the cooperative movement has received a big boost in enhancing the economic viability of the members of the cooperatives, thereby improvising their livelihoods. The Cooperative Ministry has launched several schemes and policies for the livelihood enhancement, but even today, many of the cooperatives at the grassroots levels are finding it difficult to operate; the reasons being many. The article has evaluated the role of cooperatives in enhancing the livelihoods in a multi-dimensional manner with some successful case examples. The study has emphasized on an effective research framework to diagnose the fundamental problems of the cooperatives so that the macro approach adopted by the government really becomes effective.

Keywords: Cooperatives, Livelihoods, Operationalization, Managerial, PMFBY

Introduction

Cooperative functions with the guiding philosophy of group principle, self-help development and institutionalization of networks at the grassroots level to reduce poverty. A cooperative is guided by democratic norms and values which is shared by the members who empowered with one member one vote for the general assembly purpose. The major objective of this study is to assess the impact on livelihood changes of members after involvement in cooperatives. Cooperatives have been playing a significant role in the upliftment and the promotion of the livelihoods of the rural masses across the country. The establishment of the cooperative institutions since 1904 has applauded the role of cooperatives in empowering not only the women's but also the deprived communities. With the adoption of cooperatives, people in the rural communities managed to generate employment, boost food production, empower the marginalized, especially women, and promote social cohesion and integration, thereby improving their livelihoods and reducing poverty.

The Principles of Cooperation

The Principles of Cooperation are guidelines by which cooperatives put their values into practice.

- ❖ **Voluntary and Open Membership:** Cooperatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.
- ❖ **Democratic Member Control:** Cooperatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women, serving as elected representatives, are accountable to the membership. In primary cooperatives, members have equal voting rights [one member one vote], and cooperatives at other levels are also organised in a democratic manner.
- ❖ **Member Economic Participation:** Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.
- ❖ **Autonomy and Independence:** Cooperatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.
- ❖ **Education, Training and Information:** Cooperative provide education and training for their members, elected representatives, managers, and employees, so that they can contribute effectively to the development of their cooperatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of cooperation.
- ❖ **Cooperation among Cooperatives:** Cooperatives serve their members most effectively and strengthen the Cooperative Movement by working together through local, national, regional and international structures.
- ❖ **Concern for the Community:** Cooperatives work for the sustainable development of their communities through policies approved by their members. It undertakes need based community-related services e.g., drinking water, health care, sanitation, education, women empowerment, and other community related programmes. A cooperative is a central rallying point in the village and therefore it performs a lot towards the social responsibility and such activities bring the general community closer to the cooperative.

Review of Literature

Dewi Kartika Sari and Andhita Yukihana Rahmayanti (2022) made a review of all the articles relating to sustainability and fishery cooperatives and found that the fishery cooperatives support the realization of a sustainable blue economy. This is because the existence of fishery cooperatives can increase local economic growth by increasing fishermen's harvest, improving fisheries and non-fisheries sectors, and developing a sustainable environment and economy.

Steven W. Purcell and others (2024) analyzed the impacts of capacity building in a small-scale fishery and examined the intrinsic and extrinsic factors that influenced livelihood outcomes. The study found that in order to improve the rural livelihoods there is a need of more interventions across multiple disciplines including the social, trade, resource policy and gender dimensions of production systems.

Smart Mhembwe1 and Ernest Dube (2023) analyzed the role of cooperatives in sustaining the livelihoods of local rural communities in Shurugwi District in Zimbabwe. A total of 50 research participants were involved in the study. The study recommends that the government and the banking sector render financial support to cooperatives in rural communities to allow them to expand and diversify their business operations; constant training on leadership and management skills is provided to cooperatives' members. There is also a need for cooperatives, especially those in the agricultural sector, to form some producer associations so as to easily market their produce. Lastly, the study recommends that future research should focus on investigating issues that hinder the growth of the cooperative movement in rural communities of Zimbabwe.

Cédric Gaillard and Marie Derville (2022) examined the inclusiveness of the sector and the impact of dairy cooperative membership on farmers' income and livelihood by surveying 244 dairy farmers. The study found that cooperative membership is associated with caste membership and farmers collection centers. Better incomes are associated with membership, particularly among farmers with less land and among smallholders, who are more dependent on their dairy income to lift themselves out of poverty.

Virendra Kumar, K. G. Wankhede and others (2015) examined the role of cooperatives in improvising the rural livelihoods of the people. The study found that Cooperatives can mobilize their members and help them to organize for their sustainable livelihoods provided additional support is given to adopt the successful model for ensuring livelihoods of the members. The study also emphasized on the need to look at the rules and regulations of the cooperative to facilitate flexibility to suit the local requirements and promote various activities required for improving rural livelihoods.

Musa Hasen Ahmed & Hiwot Mekonnen Mesfin (2017) evaluated the impact of agricultural cooperative membership on the wellbeing of smallholder farmers using cross-sectional data collected from the eastern part of Ethiopia. The analysis found that joining agricultural cooperatives has a positive impact on the wellbeing of smallholder farmers. Furthermore, the analysis also indicates that agricultural cooperative membership has a heterogeneous impact on wellbeing among its members.

Amanuel Kussia Guvalo & Lensa Tekalign Ifa (2023) analyzed the impact of agricultural cooperatives on households' food security status in the context of Halu Woreda. The study employed a quasi-experimental research design to estimate the impact of such collective organizations on food security. Primary data were collected from 260 rural households drawn via a stratified random sampling technique. A variety of impact estimation models were employed to check the robustness of the results. The findings revealed that being a cooperative member is determined by a combination of factors, including the sex and age of the household head; access to farm inputs, credit, and training; and the welfare status of the household head. The findings also showed that agricultural cooperatives have a statistically significant positive impact on the food security status of households.

Nischal Risal (2020) evaluated the significance of cooperatives in improvising the livelihoods of the members in Bagmati Province, Nepal. The study found that there was a positive impact of cooperatives in improvising the livelihoods of the people.

Tsegaye Anullo (2012) evaluated the livelihood impact of agricultural cooperatives in Sidama zone, Ethiopia. The finding showed that cooperatives improved the livelihoods of service user farmers through impacting better income, more savings and reduced input costs. In view of such evidence, further promotion, deepening and supporting of agricultural cooperatives was recommended.

Mzuyanda Christian and Ajuruchukwu Obi (2024) evaluated the effectiveness of agricultural cooperatives in empowering smallholder farmers to participate in sustainable agri-food chains in Eastern Cape, South Africa with the help of multi-stratified sampling method for 119 cooperative using binary regression model. The study identifies a greater need for cooperatives to be inclusive of young people and improve government support. The study recommended a blended financing model which can cater to smallholder farmers who do not have collateral. Finally, the study recommends that the current extension and advisory services be tailored to cater to the training needs of smallholder farmers.

Muthumariappan Karthikeyan (2018) reviewed the review made by desk research of Cooperatives on the realization of sustainable development goals for livelihoods of people. The study stressed on the fact that cooperatives play an positive role in ensuring equitable development and sustainable livelihoods through proper capacity development programs.

Mbarouk J. Ali, Gao Qianqian, Ge Wenguang (2023) analyzed the impacts of cooperatives membership on household income taking Zanzibar as a case study with 217 cooperative members and 83 non-cooperative members. The probit model and propensity score matching (PSM) was used to analyze the impacts of cooperative membership on household

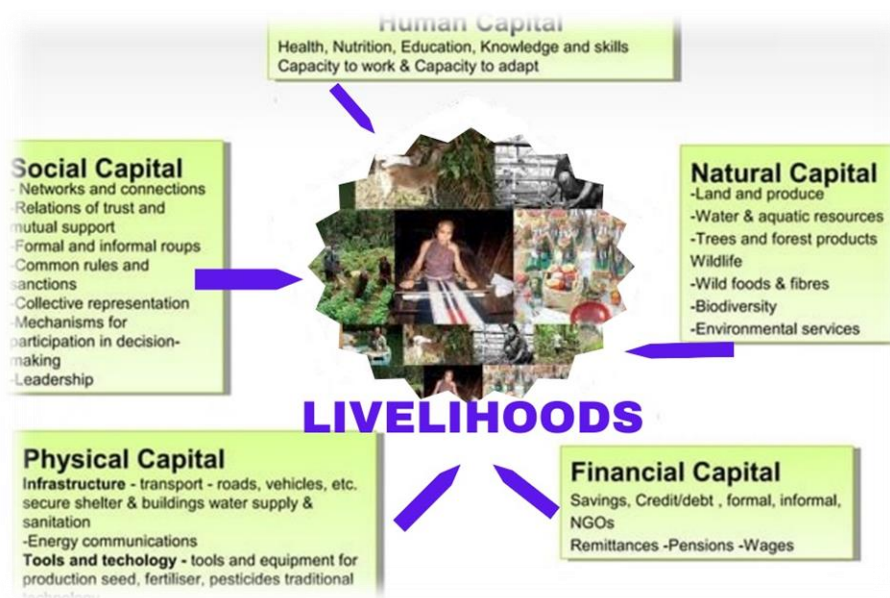
income. The study found that, in order to expand the observed benefits to the population, cooperative growth needs proper backing to meet the different dimensions of poverty and reduce it thereby. organisations that help the poor while also utilizing other support services to reduce it.

Methodology of the Study

The study is purely descriptive in nature. However, it has made use of both primary and secondary data from reports, websites, articles etc. Various stakeholders and members of cooperatives were also interacted to know the fundamental issues and problems faced by them in the operationalization and the conduct of business in cooperatives.

Linking livelihoods with Cooperatives:

The concept of livelihoods is very broad and includes the means of making a living; the various activities and resources that permit people to live. It includes all of a person's abilities, possessions, money, and activities necessary to ensure the basics of existence. When a means of subsistence does not jeopardize the environment or the base of natural resources, but rather helps people adapt to and recover from shocks and pressures (such natural disasters and economic or social upheavals), it is considered sustainable. It also improves the well-being of present and future generations. (Source: International Federation of Red Cross and Red Crescent Societies). According to Chamber and Conway (1992), a livelihood comprises the capabilities, assets including both material and social resources and activities required for a means of living. A sustainable livelihood is sustainable when it can cope with and recover from Stress and shock, maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base. According to Stage et al. (2002), a household's capacity to diversify its assets and sources of income has a significant impact on the security of its livelihood. This demonstrates that a household with more livelihood assets—that is, a larger capacity and asset—than one with fewer livelihood assets will have a higher likelihood of having a stable livelihood. It needs to be noted that the concept of livelihoods and income generation is not one and the same. A livelihood is an engagement in a number of activities which neither need a formal agreement nor is limited to a particular trade. Livelihoods may or may not involve money. Jobs usually do. Livelihoods are self-directing. They not only involve income earned from jobs but also from assets and other entitlements. An income generation involves a formal agreement and is related to a particular trade or job and as such it is only a part of livelihoods. It's very much important that the framework for livelihood needs to be adhered while framing strategies for livelihood. The process adopted needs to be systematic and in place with proper follow-up measures.



In order to address the issues of food security, employment creation, and poverty alleviation, cooperatives are naturally advantageous. According to Verma (2004), it is thought to have enormous potential for providing products and services in places

where the public and private sectors have failed. With the exception of a few sizable ones, cooperatives are primarily "local institutions" that employ "local talent," fulfill "local needs," and are run by "local leaders." A scenario where individuals may return to rural areas is beginning to emerge because cooperatives have a great deal of potential for creating grassroots self-employment opportunities. The cooperatives with its people centric approach of mutual help through its seven golden principles can be a guiding force for attaining and improvising the livelihoods of the members of the society. The approach of the cooperatives has been aligned with proper understanding of the local economy and incentives, training

and building support services, scaling up, monitoring and evaluation etc. to facilitate the process of livelihoods for the rural and the deprived masses of the country. There have been many instances, where cooperatives have played a significant role in enhancing and sustaining the livelihoods of the unemployed masses.

Success Stories of Cooperatives Linking with Livelihoods

A Case-IFFDC Is Serving for Sustainable Rural Livelihood Improvement: Indian Farm Forestry Development Cooperative Limited (IFFDC) came into existence formally in 1993 although its work had begun as early as in 1986-87. Its promoter, Indian Farmers Fertilizer Cooperative Limited (IFFCO), had launched programmes of eco-restoration and wasteland development through farm forestry in the states of Uttar Pradesh, Madhya Pradesh and Rajasthan and these programmes were subsequently handed over to the IFFDC for being scaled up and integrated with rural livelihood development and poverty alleviation programmes in the country. Since its inception, it has been playing a vital role in enhancing the livelihood through its diversified portfolios linking with climate change activities such as Watershed Management, Nutritional and Economic Security, Livelihoods, Seed Production, Agri-Input Supply, Cross Cutting Interventions etc. This has been done by adopting approaches that are participatory in nature and designed to cater to the emerging and evolving needs of the community. So far it has developed 29,420 Ha of waste and arid lands as multi-purpose forests in Uttar Pradesh, Madhya Pradesh, Rajasthan and Uttarakhand. It has been implementing over 29 projects on livelihood development, agriculture, horticulture, natural resource management and women empowerment in 9495 villages across 9 states and watershed projects on 16974 hectares area.

Grameen Bank is a microfinance cooperative that lends money to underprivileged individuals in rural Bangladesh, particularly women. Millions of people have benefited from it by improving their livelihoods and escaping poverty. Additionally, it has sparked the formation of like cooperatives all over the world. The Nobel Peace Prize was given to it in 2006 in recognition of its contribution to social and economic advancement.

Land O'Lakes, a dairy cooperative that produces and markets a range of dairy products, such as butter, cheese, and milk. It is one of the largest and most respected cooperatives in the United States, with over 10,000 members and a revenue of over \$14 billion. It is also involved in agricultural development, animal nutrition, and food security projects around the world.

Makueni Fruit Processing Plant (MFPP) in Kenya: This cooperative society was established in 2013 by a group of women farmers who wanted to add value to their mango production and reduce post-harvest losses. The MFPP has since become a model of social and economic empowerment for the women and their communities, as well as a catalyst for improving food security and environmental sustainability in the region. The MFPP is owned and managed by the Makueni County Government and the Makueni Farmers' Cooperative Union (MFCU), which represents over 12,000 smallholder farmers, 80% of whom are women. The cooperative society ensures that the farmers have a voice and a stake in the decision-making processes, as well as access to training, extension services, and market information. It processes about 5,000 metric tons of mangoes per year, producing various products such as pulp, juice, jam, and dried slices. The cooperative society also plans to expand its product range to include other fruits such as passion fruit, pineapple, and avocado. The value addition not only increases the income of the farmers, but also reduces food waste and enhances food security. It has also Strong and strategic partnerships with various stakeholders, such as the Food and Agriculture Organization of the United Nations (FAO), the European Union (EU), the Kenya Agricultural and Livestock Research Organization (KALRO), and the Kenya Bureau of Standards (KEBS). These partners provide technical and financial support, as well as quality assurance and certification, to the cooperative society. The MFPP also collaborates with other cooperative societies, such as the Makueni Dairy Cooperative Society, to create synergies and mutual benefits. The MFPP has improved the livelihoods of the women farmers and their families, as well as the well-being of their communities. The cooperative society has created over 200 direct jobs and 12,000 indirect jobs, increased the income of the farmers by 50%, and reduced the post-harvest losses of mangoes by 40%. The MFPP has also contributed to enhancing food security, nutrition, and health, as well as promoting environmental conservation and climate resilience. The MFPP is a testament to the power and potential of cooperative societies to transform the lives of millions of people, especially women, in rural areas. The cooperative society demonstrates how collective action, innovation, and partnership can overcome the challenges of poverty, hunger, and inequality, and create a more prosperous and sustainable future for all.

Community Development Multipurpose Souharda Cooperative Society and Blue Match Clean Cooking Solutions Private Limited, a social enterprise: The unit began its operation in July 2017 and is in Halasakaipura village in Hoskote Taluk and its services have reached many villages apart from the six villages chosen for the UBA project. From a humble beginning in a few villages, at present, it has expanded to two districts namely Bangalore Rural and Chikkaballapura. Eight rural women and four personnel of the Blue Match social enterprise are working in the production unit. Six more rural youth girls and women have been trained in sales and they are marketing the smokeless chullahs called as The Blue Match Pragati Eco Stove, which is a Solar cum Electric Powered 'Fan Gasifier' Smokeless Chullah. The women are also

producing Blue Match Eco Pellets, which is the optimum fuel for the Pragati Eco Stove. So far more than 500 smokeless chullahs have been sold to the SHG members and others and they are reporting that they are getting benefited from less internal pollution (in the kitchen and the house).

Furthermore, there are many such instances wherein the cooperatives have transformed the livelihoods of people and the members of the cooperative societies. The government and the NGOs have been playing a vital role in sustaining the livelihood of the marginalized farmers, fishers and the members of the cooperatives. The implementation of the Blue Revolution Scheme and the specialized Pradhan Mantri Matsya Sampada Yojana has improvised the livelihoods of lots of Fishers and the Fishery cooperatives. The National fisheries Development Board (NFDB) role needs to be applauded for developing the fisheries sector through culture-based capture fisheries and intensive aquaculture. The Pradhan Mantri Matsya Sampada Yojana has set a target of 22 million tones with an additional generation of employment of 55 lakhs. This has been further strengthened by the budgetary provisions by allocating Rs. 2,616.44 crore for the Department of Fisheries (GoI) for the year 2024-25 against Rs. 1,701.00 crore (Revised Estimate) during the year 2023-24. Further, Rs. 2,352 crores have been allocated for Pradhan Mantri Matsya Sampada Yojana (PMMSY) which is 56% more than the allocation of Rs. 1,500 crores made during the year 2023-24. The setting up a network of Nucleus Breeding Centre (NBC) for shrimp brood stocks, reduction in import duties, establishment of state-of-art facilities in NBCs to improve the genetic quality of aquaculture species for higher productivity and quality, etc are the measures which is expected to improve the livelihoods of the fishers. This is a welcoming step to promote the shrimp industry, as shrimp is a major contributor to seafood export. Shrimp exports have significantly growth to Rs. 40,013 crores in 2023-24 from Rs. 8,175 Crore in 2011. These proactive steps by the central government are expected to boost the fishery cooperative members livelihoods in a holistic manner. The role of NGOs, NFDC, NABARD etc. also will play a significant role in the growth and the development of the Fishery cooperatives provided proper follow up is done proactively.

Challenges and Milestones to Cover

- 1. Financial Viability:** Financial viability is an important factor which has negatively affected the process of adaptation of technology among the fishermen. The availability of timely finance is a big concern specially among some of the marginalized populations like Scheduled tribes who are not even having ownership of lands thereby depriving them of some major policy benefits.
- 2. Lack of proper knowledge on using latest gadgets:** Most of the fishers lack modern knowledge in adopting the new processes of fishing which are climate resilient.
- 3.** The insurance scheme of Pradhan Mantri Fasal Bhima Yojana has also been not much effective in helping the marginalized populations. It is plagued by delay in claim settlement, high financial liabilities in the States, stakeholder exit from PMFBY, lack of information access/farmer awareness and unreliable loss & yield assessment. However, at the state level, its vision is diluted and at the district level, its implementation is seriously compromised. It was found that the insurance companies, in many cases, did not investigate losses due to a localized calamity and, therefore, did not pay claims. For kharif 2016, the claim payment to farmers was inordinately delayed – till April 2017; claims for kharif 2016 were not paid or were partly paid in 14 out of 21 states.
- 4.** Despite government support in the form of technical, financial, and infrastructural facilities, some fishing cooperatives remain ineffective, inactive, or defunct due to operational, managerial, and organizational flaws. The majority of fishery cooperatives still haven't accomplished their goals. This can be ascribed to the inadequate connections with other organizations as well as the cooperative societies at the primary, district, and state levels, the Federation, the Apex bodies, etc.
- 5.** Climate change has affected ocean temperatures, currents, and salinity, which has altered the fish habitats and migration patterns. This has led to unpredictable fish stocks, making it difficult for cooperatives to plan for fishing seasons, manage resources, and maintain sustainable practices.
- 6.** Ocean acidification and warming has reduced the fish productivity and reproductive rates. This has led to decreased yields and has affected the income and economic stability of fishery cooperatives that rely on consistent catches to support their members.
- 7.** Coastal ecosystems such as coral reefs, mangroves, and seagrasses, which are vital fish habitats, are degraded by rising sea temperatures and sea levels. This destruction has reduced the breeding and nursery grounds for many fish species, impacting the availability of fish stocks for cooperatives.
- 8.** To cope with climate-related changes, cooperatives might need to invest in new technology, better boats, stronger gear, and more fuel for longer trips to find fish. These adaptations come at a high cost, which can be prohibitive, especially for smaller cooperatives with limited financial resources.

The need of the hour is to mitigate the challenges with a proper research framework. The fundamental reality of the challenges can be diagnosed only through proper research, which is the need of the hour. The policies and strategies of and for the cooperatives can be beneficial only the challenges faced by the cooperatives at the root levels are diagnosed so that the world really becomes a better place to live in.

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