

A Study on Governance System in Primary Agricultural Cooperative Credit Societies in Tamil Nadu, India

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Abstract

Good governance is now accepted as a pre-condition for sustainable development. Ensuring better governance of corporations, financial institutions and markets is increasingly recognized in India. However, very little attention has been paid to the governance system of cooperatives, despite their country wide network. The importance of the cooperative sector as a whole remains poorly understood, and its specific governance challenges have yet to be addressed. The Short-term Cooperative Credit Structure is currently undergoing a reform process initiated by the Government of India. It consists of over one lakh primary agricultural cooperative credit societies (PACS). This study was undertaken to find answers to certain question viz., how does democratic governance work in PACS? Do PACS necessarily lose touch with their members over time as they grow, or are there practices that keep member engagement alive? Should democracy be practiced as a policy option, or as a tool that moves the PACS forward to protect the interest of primary stakeholders? Its specific objectives are to study the nature, the emerging issues, and to suggest suitable strategies to strengthen the governance system in sample PACS. Purposive sampling method was used in selecting three PACS surveyed for the study. Results show that there is no organic relationship between the management of PACS and their member users. The nexus between political system and PACS decides the style of functioning of PACS. PACS remain as the channel of the State to deliver its schemes and programmes to the public. The central challenge for governance in PACS remains, how to balance the principle of democratic control and retain the imperative of professional management to safeguard the interest of primary member users.