

**IS CO-OPERATION MISSING IN CO-OPERATIVES?
URALUNGAL LABOUR CONTRACT CO-OPERATIVE
SOCIETY Ltd. A VIABLE ALTERNATIVE**

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Abstract

The importance and recognition of cooperative business has increased predominantly all over the globe. The underground reality for this phenomenon is the capacity and competence shown by the co-operatives to withstand in a sound edifice during the period of financial crisis and even in the recent demonetisation period. The co-operative enterprises are now treated as the basic alternatives for individual development, societal development and equity in the development of different regions. The model of co-operative enterprise developed by the ULCC in construction field, ICT enabled services, corporate social responsibility, rural development, rehabilitation process, academic intervention, skill and human resources development programme, etc. are unique in nature and it is par excellent than the corporate model done in India and European countries. The present article examines the uniqueness of the ULCC as a co-operative enterprise, its success indicators, the trend and progress as a viable co-operative unit in terms economic indicators and finally the societal commitment, responsibility and extent of justice done to the principle of co-operation as co-operation is missing in most of the co-operatives. In this context, the ULCCS act as a viable alternative fostering all the cardinal principles of co-operation in principle and in practice.

1.0 : INTRODUCTION

The importance and recognition of co-operative business has increased predominantly all over the globe. The underground reality for this phenomenon is the capacity and competence shown by the co-operatives to withstand in a sound edifice during the period of financial crisis and even in the recent demonetisation period. The relatively good performance co-operatives is mainly due to their specific features, which provide a separate identity for the institution which have been not considered for the last many years mainly due to the share holder value model that dominate the sector. In poverty reduction the co-operative enterprise can do wonders and it also embark a lot of strategies for individual development, societal development and equity in the development of different regions. Co-operative enterprises can make a valuable contribution to poverty reduction, financial empowerment, societal development, rehabilitation of the poor, and the improvement of economic structures. Cases and case studies are available from across the world connected to the subsistence survival to prospering model of co-operatives. The model of co-operative enterprise was developed by Uralungal Labour Contract Co-operative Society Ltd. in construction field, ICT enabled services, corporate social responsibility, rural development,

rehabilitation process, academic intervention, skill and human resources development programme, etc. are unique in nature and it is par excellent than the corporate model done in India and European countries.

1.1 : Importance of co-operatives

The United Nations (UN) play a vital role in encouraging the interest in co-operatives all over the world. By considering the significance of co-operatives for economic and social development, the UN has declared 2012 as the International Year of Co-operatives. In co-operatives individuals can attain their economic objectives by pooling their resources and mobilising them as a common force for a common cause (Muncker, 2002). Access to market is the basic boon of co-operative enterprise and it provides benefits of large scale operations, and thereby provides an indelible mark in the country social and economic advancement (Armbruster, 2011).

1.2 : Historical sketch on emergence of co-operatives

Co-operatives though old in nature is an innovative attempt of people designed to attain certain multifaceted needs through a joined effort and also managed with the basic principle of democracy. The co-operative ventures are treated as engine of social development as it discharges social benefits to members in the form of self-reliance, self-management and mutual help and it is attained by bringing all of them together and also by pooling their resources.

The co-operatives occupy a very interesting historical role as a movement for social and economic empowerment. The Rochdale Equitable Pioneers Society formed in 1844 in England was the first co-operative formed in the world. The success story of this society led to the creation of co-operatives in different parts of Europe, America, Germany and Japan. The co-operatives in general were developed as alternatives created to protect the deprived and vulnerable from the clutches of money lenders. In India too, the co-operative system started as credit societies targeted primarily to liberate the small farmers and artisans from the octopus hold of money lenders. With a very impactful start in 1984 the co-operatives attained rapid growth it diversified its business and nature of activities and involvement in the day to day running of societies and take different dimension with regard to the coverage of population and geographical area and ultimately landed as a movement of the people by the people and for the people. The speed and dimension obtained by co-operatives in India is far better and wider than that it obtained in its birth place of UK and Germany.

The rapid and the very effective growth of co-operatives in India is the outcome of steady support, involvement and encouragement given by the government in addition the safety umbrella of legislative protection. The co-operative movement in India has been flourished under the safety umbrella extended by the Government through legislative protection and proper enactment rules. The Co-operative Credit Society's Act, 1904 is the edifice of legislative protection for co-operatives in India. The Co-operative Societies Act, 1912 is a hall mark which provides an array of diversification to the co-operative ventures in the country to cater the needs of both urban and rural and also different stakeholders in the society.

The ULCCS is a model co-operative society in India staying true to its objective of uplifting and empowering the poor workers and backward sections of the society. With this objective, the Society has always undertaken activities that not only provide employment for the time being but also create new opportunities in the long run. It is this futuristic outlook that has stood the Society well in its long history of 93 years. Despite evolving with the radical changes of nationalism and socialism that pervaded the country during the struggle for independence, **the** ULCCS has never been guided or influenced by political interests. Its guiding principle has always been the welfare of its members. Its management and control are vested in the members themselves who function with the utmost transparency and simplicity.

The ULCCS was established in 1925 by Sri Guru Vagbhatananda the leader of social reformation in a remote rural area called Uralungal near Vatakara in Kozhikode District of Kerala. It was a collective effort against the vagaries of the casteism existed during this period. It has turn today as an apex agency with enough credibility, excellence in service, good work culture, high precision and very high efficiency in infrastructure work, especially in the field of roads and bridges in Kerala. It started its business with 14 members and a capital of 6 Annas (old Indian currency) equivalent to about Rs. 0.37. The formation of the society by bringing together the workers who lost their job due to their fight against casteism, superstition and partisan approach played a vital role in the independent India by contributing heavily in the infrastructure development of the country. By following the triple goal of social hegemony, embracing people from all sections and mutual service that attracted the initial members of the union ULCCS has turned as the largest Labour Contract Society in the State, providing employment to more than 6000 **workers** directly in rural areas. The Uralungal Labour Contract Co-operative Society Ltd. No.10957 is registered as a Co-operative Society under the Act 10 of 1952. The Society functions as per the rules and acts of

Kerala Co-operative Societies (KCS) Act 1969. The Society has a duly elected and empowered Board of Directors to hold the responsibility of the management, as per the KCS Act and rules and bylaw. Members of the Society elect the Board of Directors through fair elections as per the rules of the KCS Act.

2.0 : OBJECTIVES AND METHODOLOGY

The present paper examines the uniqueness of the ULCC as a co-operative enterprise, its success indicators as a viable co-operative enterprise, identifies the push factors related to the success as a co-operative enterprise, the trend and progress as a viable co-operative unit in terms economic indicators and finally the societal commitment and responsibility and extent of justice done to the principle of co-operation as co-operation is missing in most of the co-operatives. The paper is solely based on secondary data which have been collected from various international and national journals, books, articles etc. In addition, it also utilised the publications of the ULCCS.

3.0 : ANALYSIS AND DISCUSSIONS

3.1 : Uralungal Labour Contract Co-operative Society Ltd. (ULCCS)

Labour Contract Societies play a vital role in economic development of every nation. The Indian Co-operative Congress 2013 recognised the ULCCS as the best Labour Co-operative Society in India which emerge from a rural pocket in North Kerala. It was created in 1925 by the renowned social reformer Sri Guru Vagbhatananda in a remote rural area called Uralungal near Vatakara in Kozhikode District of Kerala, as an innovative mass movement against the anarchies of the caste system prevalent in those days. The ULCCS has grown to be the biggest Labour Contract Society in the State, providing direct employment to more than 6000 workers from rural areas.

The ULCCS undertakes civil construction work in Infrastructure development in Kerala and is one of the most preferred organisations for development of roads, bridges, buildings and allied infrastructure. Major clients of the Society include National Highways Department for Highway Projects, Public Works Department of Govt. of Kerala for State Road Development, Central ministries such as Ministry of Panchayat Raj for rural roads under Pradhan Mantri Gram Sadak Yojana (PMGSY), several state government ministries such as Local Self Government, Co-operation, Tourism, etc., and a host of reputed private enterprises. The Society has completed over 6500 major projects and is currently implementing over 350 projects worth Rs. 1700 crores. Calicut Bypass project was completed in just 16 months, which saved 33% in the project duration.

3.2 : Trend and Progress of ULCCS

The financial performance of the ULCCS has been illustrated in table 1. It can be examined from the table that the total asset of the ULCCS has been enormously shown rapid increase from Rs. 66,367 lakhs in 2014-15 to Rs. 1,55,028 lakhs during 2017-18. While evaluating net profit it has also increased tremendously from Rs. 62.24 lakhs during 2014-15 to Rs. 220.19 lakhs in 2017-18. The recently completed projects of the ULCCS have been represented in table 2. It is evident from the table 1 and 2 that the ULCCS have been demonstrating a positive trend of viability.

Table 1 : Financial performance of the ULCCS during 2014-18

(All figures in lakhs)

Year	2014-15	2015-16	2016-17	2017-18
Turnover (work carried out)	31,268	47,062	51,469	78,011
Gross Profit	5,408	7,114	8,436	8,448
Net Profit	62	83	148	220
Total Assets	66,367	86,947	99,049	1,55,028

Source: ULCCS Report, p.4

Table 2 : Recently completed projects of the ULCCS

Sl. No.	Name of the work	Amount (Rs. Crore)	Awarded by
1	Kozhikode City Road Improvement Project (KCRIP)	693.00	Kerala Road Fund Board, Trivandrum
2	Construction of Calicut Bypass PHASE II Reach II from Ch: 0/000 to 5/100 (New NH 66) in the State of Kerala.	152.75	SE,NH North Circle Kozhikode
3	Construction of Office Complex for the Registrar of Co-operative Societies at Thiruvananthapuram.	89.00	Registrar of Co-operative Society
4	Implementation of District Flagship Infrastructure Project - Construction of Flyover at Km 27/330 Ramanattukara PHASE I Along NH-66 Bypass (Old NH -17) in the State of	74.96	SE, PWD National Highway, North Circle, Kozhikode.

	Kerala		
5	Implementation of District Flagship Infrastructure Project - Construction of Flyover at Km 14/700 Thodayadu PHASE I Along NH-66 Bypass (Old NH -17) in the State of Kerala	51.42	SE, PWD National Highway, North Circle, Kozhikode.

3.3 : Structure and management of ULCCS

As in the case of Co-operative Societies of similar kind, the working of the Society is managed by a Board of Directors elected from the members of the Society. The society also seeks and establishes professional support in the administration and in taking vital investment decisions. At present there are 13 members in its Board of Management and the membership in the society is restricted to members who are the full-time workers and all the directors of the society are also the full-time workers. These Directors undertake different projects and they are individually responsible for the execution of these projects. The Chairman and the Board of Directors are directly involved in the execution of its projects and day-to-day operational activities. The management follows and practices an agile model in its operations ensuring quality, time, budget and continuous improvement in the deliverables. For the supervision of projects and technical advice, the Society employs a specially trained and high talented team of more than 600 technical professionals.

The Society has its own building and construction division having its specialised section in the field of materials, testing and it also possess stone crusher units along with granite quarries. It also possesses most modern machineries, equipment, vehicles, mechanical workshop, an advanced crusher unit and several land assets. Hence, the society never experience dearth of materials and it function as a self-sufficient body to execute works with high quality and within the limit of time. The availability of modern equipment and sophisticated technical expertise the society is now fully confident enough to take up construction work of multifaceted nature which warrants high skill and deep technical expertise. The ULCCS has various subsidiaries such as ULCCS Cyberpark, UL Technology Solutions, Sargaalaya Arts & Crafts Village and ULCCS Charitable and Welfare Foundation.

The ULCCS created history by developing UL Cyberpark, the world's first IT Park developed by a labour contract co-operative society. It is also the first IT SEZ Park in Malabar region of Kerala, a region that has historically been less developed than other

regions of Kerala. The abundant availability of talent and advanced social The UL Technology solution is a most wanted soft ware institution catering the requirements of enterprises in both public and private sectors in India. The cent percent of it is owned by the ULCCS. Incubated by the ULCCS in 2011 with four professionals, it has been employing over 160 professionals today. It operates from Kozhikode and Trivandrum, with a turnover of about Rs. 29.45 crore rupees in 2017-18. In a short span, the company could diversify its product range to multifaceted segments like Healthcare, Consulting, GIS Applications, Logistics Management and Turnkey Solutions for E-governance.

Sargaalaya Arts & Crafts Village project conceived, developed, commissioned and managed by the ULCCS for the Department of Tourism, Government of Kerala in the historical place 'Iringal', 43 km away from Kozhikode. Through dedicated and honest work within a short span of 'Sargaalaya' has become one of the most identified tourist hot spot in Kerala. The best tourism destination award of Government of India for the 2016 was secured by the ULCCS. The UL Education plans to undertake a series of multipronged interventions at elementary, secondary, tertiary, higher and skill education levels. The ULCCS's vision is to create a skill based society through skill development programmes and identified a skill gap between required and available skills. Filling this gap will improve employability. Proposed initiatives include skill parks, integrated quality improvement projects at government schools, school of developmental sciences for undergraduate and postgraduate programmes, an international school, etc.

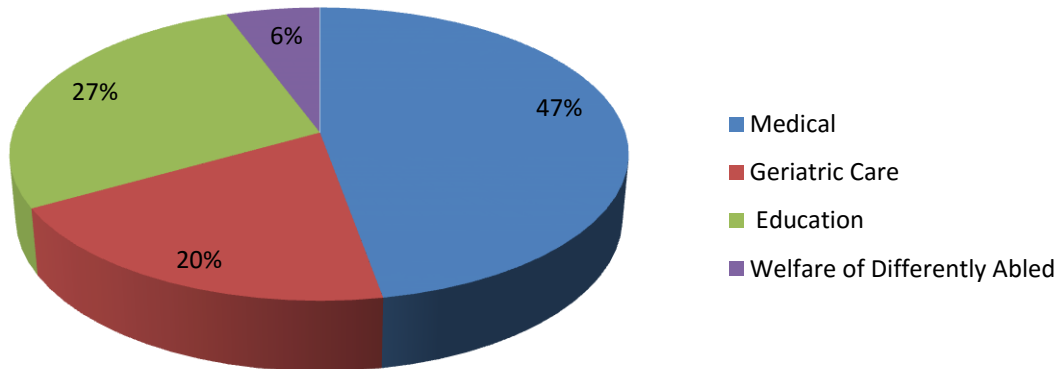
3.4 : ULCCS as an end towards societal commitment

At present the ULCCS has 2277 members and 4365 non-members. It is very interesting to note that as part of empowering the membership of the ULCCS each worker is mandatorily required to contribute part of the wages to the society. The amount so acquired through this way will be later treated as the share capital of the society. This will result in the steady augmentation of share capital contribution of a member to the Society and this protects the Society from labour turnover, a major strength in construction industry. The Society also undertakes a lot of welfare programmes which provides both direct and indirect benefits to the workers in their life time. The prominent among them are Provident Fund, Employee State Insurance, Bonus that is paid twice a year with a minimum amount of 20% of salary, Gratuity for all workers completed 10 years of service, Insurance coverage for medical and accident, Interest free soft loans for marriage, Medical, House construction, etc., Marriage

gift of Rs. 10,000 for men and 8 grams gold to female members and their daughters, 100% reimbursement of treatment cost for the accidents at site and workers are provided with 50% wages till full recovery, Pension scheme for elderly members, Dividend to members, etc. This labour welfare centric approach of **the** ULCCS makes it unique in the world and marks it as an organization “of the workers, by the workers and for the workers”.

As a social institution, **the** ULCCS is committed to the holistic development of the society and we always uphold this in all our activities. The ULCCS Foundation was established for planning, executing and leading the CSR activities of **the** ULCCS towards the benefit of the underprivileged in the region. The Foundation is organised as two divisions - UL Care and UL Education. The welfare expenses on public by **the** ULCCS have been mainly segregated among the activities such as Welfare of Differently Abled, education, medical and Geriatric Care (figure 1). During January 2018, **the** ULCCS had donated ten lakh rupees to the Chief Minister’s relief fund for the Ockhi cyclone affected people. Senior Citizen’s Day Care Centre namely Madithatt with 31 inmates is another welfare activity of ULCCS which envisages taking care of the senior citizens (above 60 years) of the society who are in need of care and love at the late walks of their life. Under the stream of education, it includes the activities such as sponsorship for public education protection mission, scholarship for students, career guidance class felicitation for exam toppers, MAPLE (Madappally School Academic Project for Learning and Empowerment), Vagbhatananda Edu Project (VEP), UL - Space Club, etc. For the welfare of differently-able it provides the services such as UL CARE Nayanar sadanam, Prashanthi Special School, etc. To make the life of the family of children with intellectual challenges to a qualitatively better position in the society, along with special education, it offers Speech Therapy, Physiotherapy, Occupational Therapy, Medical Care and Intervention, Music and Sports Activities, Vocational Training, IT based curriculum implementation, Parents and Siblings Special Training Programs etc.

Figure 1 : Expenditure of the ULCCS on various fields



The contribution of the ULCCS in the education sector is also praiseworthy. Various criteria like income of the family, economic and social background of the family, number of family members, and type of school are considered while awarding the scholarship. Above all, the academic excellence of the student is a major factor in deciding the amount of scholarship. The toppers are awarded a shield along with the Cash Prize in a formal function, prior to the distribution of Scholarship amount to the others. The details of the scholarship given in the year 2017-18 are as follows:

Sl. No.	Classification	Number of students	Amount (Rs.)
1	SSLC	76	2,46,500
2	+2	102	3,66,000
3	DEGREE	7	45,000

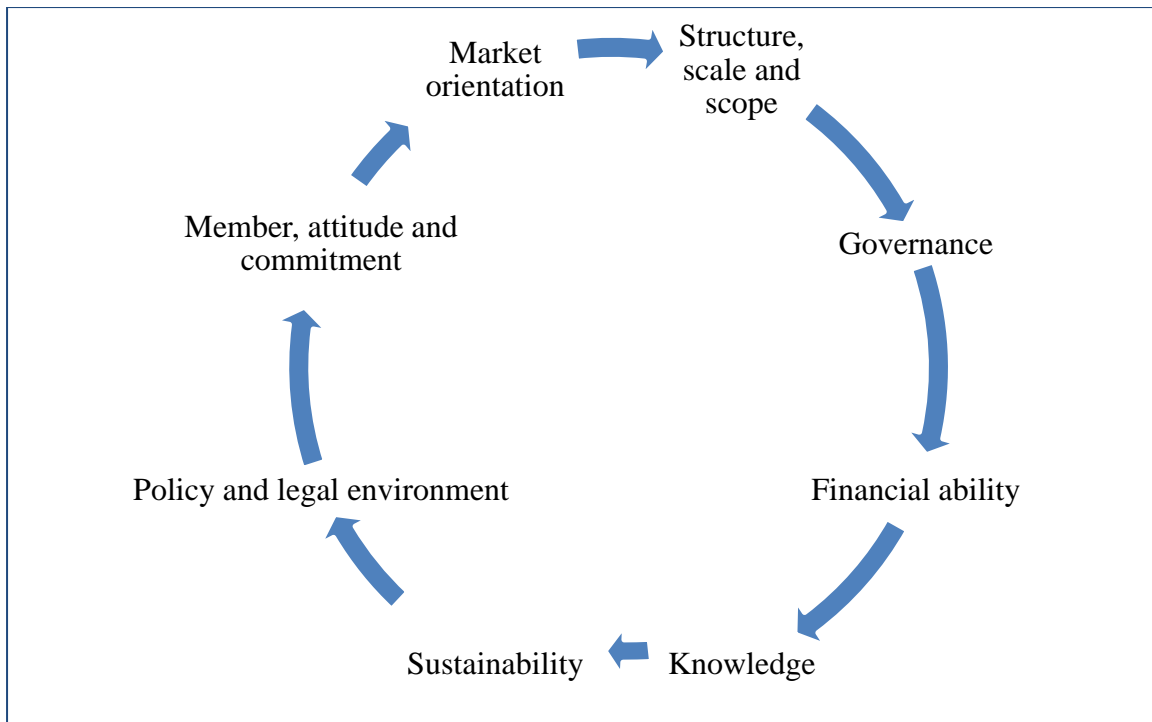
3.5 : Push factors related to the success as a co-operative enterprise

Several factors have contributed to the ULCCS' rapid growth. The ULCCS is blessed with a large pool of skilled and dedicated labour force. Employees are extremely passionate about their work and create a unique work culture. In return, employees enjoy a variety of benefits that are comparable to a government job.

The ULCCS has always embraced technology and continuously upgrades the machinery and equipment used for construction works. Its asset base shows a healthy growth each year. Having state-of-the-art machinery helps ensure quality and execute projects quickly. Also, the ULCCS ensures timely supply of high-quality raw materials by owning the sources of raw materials. The ULCCS has two stone crusher units and own quarries to supply input to crushers. It also manufactures hollow bricks, solid blocks and paver blocks.

Most importantly, the ULCCS has a unique system of agile project management in which projects are reviewed closely by the management. Before a project starts, detailed planning is done to ensure smooth supply of manpower, materials and machinery. Daily meetings at work sites, weekly reviews by Directors and regular reviews by the Chairman and Board of Directors ensure that projects are going on schedule and help to jointly discuss and find solutions to obstacles that could potentially slow down the work. Every evening, the Board of Directors meet to review the day's progress and plan for the next day. Apart from organisational strength, another factor that aided the growth of the ULCCS was the tremendous support it received from the government. It is heartening to note that with innovative ways of employee-centric comradeship, the ULCCS did not drop even a single work day due to labour unrest in the past 9 decades. The high linkage, co-ordination and co-operation members achieved due to these measures, is the secret of the success of the ULCCS. Such labour welfare centric approach of the ULCCS makes it unique in the world and marks it as an organization "of the workers, by the workers and for the workers". Thus on the basis of the ULCCS analysis as a unique model of co-operatives, it can be concluded that the success factors which determined the viability are depicted in figure 2. In the current era of cut throat competition and monopolisation co-operative enterprises can exist if and only if certain thresholds for each factor are simultaneously met.

Figure 2 : Determinants of successful and viable co-operatives



4.0 : CONCLUSION

The importance and recognition of co-operative business has increased predominantly all over the globe. The underground reality for this phenomenon is the capacity and competence shown by the co-operatives to withstand in a sound edifice during the period of financial crisis. The model of co-operative enterprise was developed by the ULCC in construction field, ICT enabled services, corporate social responsibility, rural development, rehabilitation process, academic intervention, skill and human resources development programme, etc. are unique in nature and it is par excellent than the corporate model done in India and European countries. The model was developed by the ULCCS will prove as a classic example of co-operatives in Asia by providing better facilities and returns for the workers, quality products and services for its customers, credibility and confidence to investors and its stake holders, bring diversified products and services for catering the needs of diversified groups of people and ultimately makes democratic management upholding the principle “of the workers, by the workers and for the workers”. As co-operation is missing in most of the co-operatives in the current era, the ULCCs stand as a unique co-operative upholding the principle of co-operation in all the activities programmes and ventures it undertakes.

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