***INTERNATIONAL CO-OPERATIVE ALLIANCE (ICA) PRINCIPLES***

*International Co-operative Alliance (ICA) is an international body set up for the promotion of co-operative ideas and spreading the principles of co-operation around the world. From 1844 to 1934, enormous changes took place in the world on Economic, Social and Political fronts. So a fresh look at co-operative principles was called for. The International Co-operative Alliance (ICA), therefore, appointed a Sub Committee in 1934. They evaluated the principles enunciated by Roach Dale, its relevance and observance in the present time and finally submitted its report in 1937. Based on the Sub-committee Report the ICA instead of formulating principles, they simply classified the Roach Dale Principles in to two - Essential and Non Essential in 1937.*

*They are:*

*1. Open Membership*

*2. Democratic Control*

*3. Limited Interest on Share Capital Essential Principles*

*4. Patronage Dividend*

 *5.Religious and Political Neutrality*

*6. Cash Trading*

*7. Promotion of Education NonEssential Principles*

*(Education of Members)*

*8. Selling Pure and Unadulterated Goods.*

***1.. KARVE COMMITTEE ON CO. OPERATIVE PRINCIPLES***

*Again in 1960 due to the dynamic nature of the world, a modification in the Principles of Co-operation, as stated by ICA in 1937, was essential. Hence, the ICA appointed a Commission in 1964. Five Nations namely UK, USA, USSR, Germany and India represented the Commission. Prof. D.G. Karve from India was the Chairman of the Commission and, therefore, the Commission is popularly known as Karve Commission on Co-operative Principles.*

*The Commission evaluated the present principles and submitted its Report in. 1966 by recommending the following principles:*

***1. Open and Voluntary Membership***

*Membership of a Co-operative society is open to all those who wish to join it. So also there is no discrimination on the ground of caste, creed, religion, race, sex or politics. The point to be remembered while giving membership is that a cooperative society cannot admit members whose interest or profession is antagonistic to that of a co-operative society. For example, a money lender is not admitted as a member of primary co-operative credit-society.*

***2. Democratic Management***

*The management of a co-operative society is being done democratically. The ultimate responsibility of entire managerial powers is vested with the General Body.*

*The main points to be included in democracy are:*

*a) Each member has only one vote*

*b) Majority rule in all matters.*

*c) Committee of management always have the authority of members before they take any important step.*

*According to the principle of democratic control the Board of Management is an elected body, who controls the day to day affairs.*

***3. Limited Interest on Share Capital***

*As per the Co-operative Societies Act, 1969, Interest on capital is restricted. For the purpose of collecting necessary amount of funds, the societies bound to pay interest. Whatever interest paid should be on a limited scale.*

***4. Equitable Distribution of Surplus***

*Earning of profits is not the basic objective of a cooperative society. But this does not imply that co-operatives are run on no profit no loss basis or they are managed with losses.*

*The surplus of the society is disposed of as follows: 1. Provision is made for the development of the society 2. Provision is made for Common Services;*

*3, some of the surplus is distributed among the members on equitable basis.*

***5. Co-operative Education***

*The progress of the society depends to a great extent on how best its members can take an active part in its affairs, which is possible only when the members are educated.*

*Co-operative education includes:*

*A) Education of the members*

*B) Education of office bearers; and*

*C) Education of prospective members.*

***6. Co-operation among Co-operatives***

*In order to best serve the interest of members all cooperative organizations should actively co-operative in every practical way with other co-operatives at Local, National and International levels. Such type of co-operation is necessary to acquire greater strength to face adverse conditions. (Source: Sarada, Principles of Co-operation)*

*To quote the Commission, "If the co-operative movement is to rise to its full stature... the several co-operative institutions must unreservedly support one another. They must act as members of a common united effort to realise the objectives and ideals of the movement as a whole... The ideals of...a co-operative commonwealth        can hardly be realized in practice except by the unstinted and united efforts of all co-operators and co-operative institutions, large and small, national and international.*

***2.CO-OPERATIVE PRINCIPLES BY ICA IN 1995***

*A serious discussing was made on the erosion in values of Co-operation in ICA Tokyo Congress held in 1992. Therefore, Tokyo Congress recommended ICA to initiate steps to review the current ICA Co-operative Principles in 1966 and make possible changes to prevent the erosion in values of cooperation. Based on such a recommendation I the Executive Committee of ICA direct Dr. Ivan Mac Pherson (Canada) to review the Co-operation Principles in 1994. He submitted the Report in 1994 and the same is approved by ICA General Assembly in Manchester in September 1995. This Report contains Seven Principles.*

*They are:*

*1. Voluntary and Open Membership*

*2. Democratic Member Control*

*3  Member Economic Participation*

*4. Autonomy and Independence*

*5. Education, Training and Information*

*6. Co-operation among Co-operatives; and*

*7. Concern for Community.*

*They confine the First Five Principle which is Essential for Internal Dynamic of any typical Co-operative and the last Four are needed for Internal and External Relationship of Cooperatives*

***1. The Voluntary and Open Membership***

*Co-operatives are voluntary organization where in people choosing voluntarily' to make a commitment to their Co' operatives. So they must be allowed to participate freely. Co' operatives are made open to all persons able to use their services and willing to accept the responsibilities of membership without considering Gender, Social, Racial, political or even Religious factors.*

*The capacity to bring diverse people together for common goals is one of the great promises, the Co-operative Movement offers to the 21st century.*

***2. Democratic Member Control***

*Co-operatives are democratic organization controlled by their members, who activity participate in setting their policies and making decisions. The members have the right to be actively involved in setting policies and in making key decisions. In co-operatives men and women serving as elected representatives are accountable to members. The members and the users are one and the same person in co-operative organizations. So democratic control in a co-operative means control by member-users. This is much deeper than the so called democracy of a joint stock company.*

***3. Member Economic Participation***

*Members contribute equitably to the capital of their cooperatives. Co-operatives operate with capital us servant and not the master of the organizations. Members get dividend based on the member participation as Economic benefit.*

 ***4.Autonomy and Independence***

*Co-operatives are autonomous, self help organization controlled by their members. They make arrangements to and Contracts with other organization even with the Government as a result of autonomy and independence.*

***5. Education, Training and Information***

*Co-operative Movement has a commitment to education. Co-operatives provides education and training for their members, elected representatives, managers, and employees so that they can contribute effectively to the development of their co-operative societies. The information relating to the nature and benefits of co-operatives are supplied to general public particularly young people and opinion leaders for further development and growth of this sector.*

***6. Co-operation among co-operatives***

*Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through Local, National, Regional and International structures.*

***7. Concern for Community***

*The co-operative societies are formed the benefit of their members. Co-operatives have a special responsibility to ensure that the development of their communities is sustained Economically, Socially and Culturally.*

*To conclude, that the above said principles are the important qualities that make co-operative institutions effective, distinct and valuable. The basic role of Government in this regard is to provide a conducive environment for cooperatives in which they may combine in their working Cooperative values, Socio, Economic objects and competitive strength in the Globalised Era.*