

COOPERATIVES IN INDIA: TOWARDS A
SOCIOLOGICAL FRAMEWORK.

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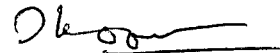
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DECLARATION

Certified that the material in this dissertation
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A C K N O W L E D G E M E N T

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Common be your prayer,
Common be your end,
Common be your purpose,
Common be your deliberation,
Common be your desires,
Unified be your hearts,
United be your intentions,
Perfect be the union amongst you.

From: The Rig Veda, X-191

C O N T E N T S

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P R E F A C E

Co-operatives and cooperativism have been viewed by social scientists and journalists, politicians and statesman, philosophers and social workers as the ideal form organisation to a world plagued by problems - not only of poverty, but also of alienation (of the individual and the classes), exploitation ("by individual, classes or by nations"), resource mobilisation. Even though the emphasis differs according to the perspective, interestingly this view cuts across ideological moorings be it economic, political and religious.

Although not unknown before, this view became dominant only in the early years of post independence India. In fact in the early fifties Jawaharlal Nehru declared " Cooperative Commonwealth" to be the goal of Indians and India, and made it part of the overall process of planning in India. In spite of all ^{these} ideals and efforts, co-operatives have not mushroomed in every village in India, rather those that exist have come into being by the active connivance of the state. Even then, cooperatives have, in general failed to stand on their own feet why ? Why have some succeeded and others failed ? Why have they succeeded in other societies like Israel and not in India ? Do various forms of (successful) co-operativism all over the globe share certain features ? These are some of the questions that crop up when one tries to study this problems.

This dissertation attempts to build a sociological framework for the success and failure of co-operatives in India by an intensive perusal of the available literature. Starting from the issue of what is cooperative and how it is different from other forms of cooperative way of life, and how the nature, aims and forms of co-operatives differ (in emphasis) from society to society (in Chapter-I), we proceed to delve into the question of whether cooperatives have succeeded or failed (in Chapter-II). Overwhelming evidence, from government sources primarily, have been adduced to show how cooperatives have failed in their purpose for which they were introduced. What are the reasons offered by the various authors ? and what are the limitations in these arguments ? The answer to the last two questions is attempted in Chapter-III. In Chapter-IV a comparative analysis of various forms of co-operativism (as a way of life) in contrast to co-operatives (as an organisation) is conducted, wherein we notice that cooperatives as an organisation and cooperativism as a way of life, are interminably linked. And this leads to the sociological framework (in Chapter-V) of the factors that have led to successful cooperatives in India in contrast to the factors ^{responsible} for their failures.

I N T R O D U C T I O N

THE PROBLEM:-

IN a country where the overwhelming section of the population lives in the village, where the vast majority live on agriculture, and a society in which the vast majority of people live below the poverty line¹ - rapid development is not only desirable but an urgent necessity. Cooperatives and cooperative organisations are considered to be a solution and remedy to this problem in all underdeveloped countries for they not only act as impulses for economic development, but also attempt to mitigate the glaring inequality and exploitation of the have nots. By the process of mutual-aid, it is argued, the hitherto exploited would on the basis of collective strength, be able to surmount the barriers which till then were unsurmountable, and thus better not only themselves, as individuals, but the collectivity as well.

1. There were about 37 million persons living in 1968-69 whose daily consumption was 50 paise or less according to Union Minister of State for Planning. Hindustan Times, New Delhi: 19th April, 1973.

India has consciously adopted the 'cooperative' approach as an instrument for bringing about the desired changes especially in the agrarian and rural sections of the society. As the Fifth Five Year Plan explicitly states that :

"Cooperatives represents instutionalising of the principle and impulse of mutual aid. It has the merit of combining freedom and opportunity for the small man with the benefit of large scale management and organisation. Cooperative is therefore, eminently suited to bring about the desired socio-economic changes in the context of existing conditions in the country." (2)

The outlay on cooperatives of the government since the First Five Year Plan has increased from 655.7 lakhs to 76.77 crores in Third Plan; and about 206 crores in the Fourth Plan. The outlay on cooperatives in the Fifth Plan is Rs.423 crores³, 0.79% of the total Fifth Plan outlay. The Cooperative societies in India have predominantly been confined to agrarian sector a reflection of the nature of society; and of these agrarian cooperatives the vast

2. Draft Fifth Five Year Plan (1974-79) Govt. of India, Planning Commission, 1974, Point 2.16, p. 78. The earlier plans had been more vocal. The Review of the First Five Year Plan (Ch.V. p.118) remarks that the First Five Year Plan described cooperative forms of organisations as an indispensable instrument of planned action in a democracy. The view of the Third Five Year Plan also makes interesting reading. It considers cooperatives as an important necessity for socialism. It remarks (Third Five Year Plan, Ch. XIII, p. 200) that "the socialist pattern of society implies the creation of a large number of decentralised units in agriculture, industry and the services. Cooperation has the merit of combining freedom and opportunity for the small man with benefits of large scale management and organisation as well as goodwill and support from the community". Compared to these viewpoints, the Fifth Plan's remarks are more toned down. There has been phases of, not necessarily hate, but indifference to cooperatives.

3. The sources are: The First Plan from The Review of First Plan, *ibid*, p. 333, The Third and Fourth Plan from the Fourth Plan, Govt. of India Planning Commission, p.135, and the Fifth Plan from Draft Fifth Five Year Plan, *ibid*. p.85.

majority are agricultural credit cooperatives; in fact they continue to be the most numerous although still not as high as 80% at the end of the First Plan⁴.

The record of cooperative societies and organisations is not as impressive as it seems on the surface. In fact, the performance of cooperatives is not only dismal but also tends to make the future of cooperatives, gloomy. Cooperatives, overall, in India have generally failed to live up-to their purpose. They have (i) neither mitigated the sufferings of the exploited

(ii) nor have they acted as impulses to economic development and

(iii) they, in general, have even failed to stand on their own feet (financially and economically) not to talk of acting as agents for collective economic growth and development.

Neither have the credit societies nor the non-credit cooperative societies, be it producer or consumer or marketing, been successful. The number of non-successful cooperatives outnumber the successful one - the successful ones actually being very few. Not only have the cooperatives often run into financial strains, making them non-viable economically, but more alarmingly they have become

4. From the Review of the First Plan, op.cit. pt.3 pp.226, 227
 The following table would make explicit the emphasis: Source INDIA
1976 Table 16.1 and 16.5

	1950-51	51-52	72-73
All Societies (Lakhs) :	1.8		3.30
Agricultural Credit Societies :		1.07	1.54

a cover for the rich (the vested interests from whom it was to be protected) and then becoming an instrument to perpetuate the exploitation⁵.

Why have cooperatives been unsuccessful ? What are the factors that are responsible for this ? Many studies have identified various problems, economic and political; and the Government itself has been seized of this problem - reflected in the various statements and remarks made by the leaders, as well as in the reports of the Public Accounts Committee etc. Most, if not all, of these attempts have tended to ignore the sociological dimensions involved. In fact, there have been very few sociological studies of the cooperatives phenomenon itself⁶. Even the few that exist have not made a thorough study of this. It would be fallacious to argue that the few studies that exist have not expressed concern about this. Doyres (1971), Oommen (1972), Yamey (1964), Thorner (1962; 1964) do make this point. Others have only touched the point in passing: Bailey(1964), Topley (1964); Ishwaran (1966).

5. There are numerous books, reports, articles etc. which have mentioned about the failure of cooperatives in general and in concrete cases. For instance, to cite a few only Pritam Singh (1971); Balraj Mehta (1976); G. Parthasarathi (1970) Oommen (1972).

6. Peter Worsley's work (1971) is one of the few books available. Baviskar (1970) makes a case study only. Oommen(1972) work is one which approaches this problem sociologically, although Scarlett Epstein (1973) also does touch the problem although indirectly. Daniel Thorner not only has written an article (1962) but also a book (1964) His perspective, as well shall notice later, tends to be socio-economic.

'Cooperativism' as a phenomenon is not unknown in India. There have numerous instances of this not only from the recent past, but also from medieval and ancient historical past⁷. The Vedas and the Laws of Manu have referred to craft guilds in ancient India (R. Mookherji, 1919: 35 & 131). This point is reinforced by another author (A.L. Basham 1954: 217 & 218). These guilds as Basham remarks "united both the craftsmen's cooperatives and the individual workmen of a given trade". The famed ancient Indian work, Arthasastra of Kautilya even goes to the extent of saying that "whoever stays away from any kind of cooperative undertaking shall send his servants and bullocks to carry on the work, shall have a share in the expenditure but none in the profits" (R. Mookerjee, 1919:131). Some others argued that the key-note of joint family was cooperatives (R. Mookerjee, 1916). Sir Malcolm Darling (1930: 116-141) refers to instances of this in the Punjab where two to ten peasants frequently join for a year to cultivate a given area in common, sharing the produce after each harvest in proportion to the labour and bullock power supplied by each.

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7. Ishwaran considers the Aya System to belong to the family of gift system like KULA, POTLATCH etc. At first sight this is valid; on closer consideration this seems to be a simplification. The Aya system "forms a total complex in its own right. Its various functions may be listed as economic, religious, moral, political, legal, aesthetic and morphological" (Ishwaran, 1966:140) This is a complex system having religious and economic overtones which the Kula and Potlatch do not have. It is just not a system of "sharing one's goods"- but more than that a religious sanction is involved in it. For us this is another instance of a traditional form of cooperativism - be it religious or economic.

These yearly partnership, called LIANA, are often renewed year after year. In the Madras Presidency, even before the cooperatives organisations was officially launched, there existed cooperative undertakings in the form of NIDHIS or mutual loan associations (E.M. Hough 1966: 45 & B.K. Sinha 1970: 45). Ishwaran (1966:36-49) refers to a traditional system of mutual aid peculiar to the area - called AYA. He also refers to the other type known as KANIKE and ULIPI. This type of cooperativism is also found when people belonging to different castes and different backgrounds cooperate with each other for the group benefit.

G.P. Srivastava (1962:1) considers that "cooperation in the socio-economic activities of the people in Ancient India took four principal forms : Kula, Grama, Sreni and Jati." Srivastava quotes copiously from ancient works - and the work of Aurobindo (Foundation of Indian Culture). The four forms of cooperation refer to four types of cooperation : the Kula - originally a political and socio-economic organisation later became confined to family and kinsmen. The 'grama' refers to cooperation at the level of village for its own betterment. The Sreni is an institution which emerged in the post-vedic period. On the basis of the writings of Manu, Narada, Arthasastra of Kautilya and the Mahabharata - Srivastava concludes that the Sreni was in most cases a cooperative organisation of artisans and merchants and

secondly it extended to other spheres of economic and social life, e.g. among agriculturist, bankers and religious people. The srenis had regular rules and structure. They raised capital by not only pooling resources but also by borrowing from private persons: and by receiving handsome gifts from kings and other private persons. After 12th century A.D they declined, when foreign invasions subjected their organizational edifice to severe strains. The jati is "natural extension" of the kula. It has not only intra-caste cooperation but also inter-caste cooperation like jajmani system. In addition to referring to these forms of cooperation, he also gives instances of cooperativism like the lana in Punjab (already referred to); the mangali system in Attock District (Pakistan) where when grain has to be threshed on a field levelled, or work when a house is to be roofed or built, neighbours gather together and work for each other in return of one square meal a day. In Central Punjab the same system is called abat.

In Chamba and Kangra districts of Himachal Pradesh there is a system of traditionally sanctioned mutual obligation amongst families called birton, which ~~is~~ still exists. When a person wants to build a house, he goes to the families with whom he is in birton agreement and ask them to carry up slates from the river 1000 feet below. Payment may or may not be made, and if made it is below market price of labour; but the group will receive a

certain amount of harvest if they are present at the time of threshing⁸

In Punjab there was an indigenous form of cooperativism called LANA (E.M. Hough, 1966:44;45) a system of yearly partnership wherein two to ten peasants frequently join for a year to cultivate a given area in common, dividing the produce after each harvest in proportion to the labour and bullock power supplied by each. Such instances of cooperativism are found in other places. Coomien (1974: 19-23) states the existence of informal cooperatives in Allepey, Kerala, in the form of (i) Traditional cooperative credit associations; and (ii) Cooperative work groups.

Amounts ranging from Rs.100/- to Rs.250/- would be raised and be given as a loan to one of the members on every first Sunday of a month. "Usually there was a practice to auction the amount and the person who offered the highest interest would get it. Rarely was there any keen competition between the members, as all of them knew each other, and hence the most needy persons usually secured the amount". The transaction was based on entirely on "mutual trust".

8. The information regarding: Kula, grama, sremā & jati is from Srivastava (1962). Kula is from pp. 1-2; grama (pp. 2-3; 6-22) sremā from (p.4 and in particular 36-37 and 43-45). Jati (pp. 46-60)
The instances of cooperativism are from p. 19

Pooling of labour through reciprocal exchange of attached labours took place in agricultural field especially for dewatering, harvesting etc. But a more interesting instance is the case of thatching the buildings through cooperative labour pools. This occurred between members of the same commensal groups.

In Rajasthan is the case of "BADACHEE", a form of cooperation for irrigation purposes in Jaipur district. This form of cooperation is called HODEL among the tribes of Banswara-Dungarpur area. If the exchange is not only of manpower and includes other resources, then it is given different names, it is called "SHAJA" in the former and "SIRKATHIN" in the latter. In addition the cooperative work group for community labour like constructing of a well, thatching of a roof and the like: called "lahash" in Idanpura (Jaipur district), and "hauda" in Ragh pura (tribal area). (Commen, 1972: 89&90).

The traditional forms of cooperative credit associations were not unknown in other places. In the Madras Presidency they were known as NIDHIS and had emerged as early as 1850 along with another form of mutual loan association known as CHITS wherein a group of people subscribe a certain amount at regular intervals for a certain fixed period. Lots are drawn after a collection and the winning lot gets the collection. The winner continues to contribute like the other members for the rest of the period

but he drops out from the draw of the lots (Raghunada Rao; 195: 17-18) The Nidhis increased rapidly till 1890's but afterwards declined in number with most ending up in bankruptcy.

Such instances of informal traditional cooperativism exist in all parts and corners of India; but what is conspicuous is that these instances have not been recorded. The principle of mutual aid for mutual benefit works in many ways. Village Unity - cutting across caste barriers - is one such form e.g. Aya system as mentioned by Ishwaran (1966). Cooperativism perse is thus not an unknown phenomenon in India, even though the modern form is of recent origin when compared to its emergence in Europe.

The above mentioned instances should logically lead to the argument that if there are so many instances of cooperativism in the past, then they should all the more be manifest in their modern form. The traditional forms of cooperativism should be an impetus for the emergence of the modern form of cooperativism. But there are some authors like Yair Levi (1977), for instance, who views that traditional forms of cooperativism are barriers for the emergence of modern form. Levi argues that this is an outstanding example of "unsuitability" of western concepts to development needs in rural areas of developing countries. Whereas modern action is based on "common action made possible by

individual awareness of accepted reciprocity of rights and duties existing between the member and the cooperative, "Traditional mutual aid seems to be characterized by collective action with customary groups under authoritarian leadership" (1977: 386) . The limitation in this argument is that Yair Levi considers that those who hold a opposite view point are not aware of the differences between the two forms of "mutual aid".

Then we are back to the following question. Why is it that cooperative, in its modern form, has not struck roots in Indian soil? It would be legitimate to ask that if cooperatives have been successful in Sweden or Britain or Israel, why not in India? Is it that some sociological factors made cooperatives in these countries successful ? This would necessitate for us to trace the conditions and the context in which cooperatives in its modern form emerged in India so as to make our understanding, better, if not complete.

But before proceeding to this, it would be fair to question : What cooperatives are meant to be ? Their purpose differs from situation to situation and context to context.

The first 'modern' cooperative emerged in late 18th century in Europe. Recorded history traces the first cooperative in its modern form to the year 1760, wherein corn mills, were organised on a cooperative basis. But this did not run long. The first successful cooperative emerged in the year 1844 in London and is well known as 'Rochdale Pioneers'.

The Industrial Revolution had in its wake, instead of adding wealth and prosperity to the entire people, inflicted monstrous hardships. England along with the rest of Europe was caught in throes of nascent capitalism. It was the period of "Hungry Forties"⁹. Early capitalism was planless, intensely individualistic and blind. The new world of machine production was a period of economic fluctuations - not of cyclical ups and downs, but rapid changes taking place in a few weeks. The market was suddenly glutted and suddenly found itself under-supplied.

The competitive situation had the effect of not allowing improvement in wages and conditions. A business could not survive by standing still. It had to keep improving its efficiency.

The tremendous fluctuation of industrial activity brought havoc. The ^{Eighteen} ~~Nineteen~~ Forties was the worst affected. Trade depression which set in 1837 continued till 1843, for six long years. The slight improvement in 1844-1845 soon gave into a renewed crisis till 1849. It was only since 1880 that the situation improved for the better. Under these conditions the shopkeepers were ruthless- especially when the workers had uncertain income. Credit was the bane of the day and often

9. This term is to refer to 1840-49, is taken from Cole (1944:1-11). Cole lucidly brings out the conditions under which cooperativism emerged. See also Digby (1960⁹: 10-12). Earlier instances of cooperatives are mentioned by Digby (1960: 11-12): They are in the years 1659 by a Dutchman, Plakkboy; in 1695 the Quaker John Bellers was another. Both these were individuals who propounded this idea; but the first attempt was in the year 1760.

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debtors were sold adulterated goods. This brought about a deep hatred against credits (owing to this bitter trading). It *was* under these bitter circumstances that the first consumer cooperative movement began- struggling and competing in a competitive world to survive - and survive it did for a long time.

It was this period that saw the emergence of cooperators - known and less known, all over Europe - Charles Fourier, P.J. Proudhon, Robert Owen, Saint Simone, Phillipe Buchez, Friedrich Wilhelm Raiffeisen, and many other thinkers and advocates, experimentors and theoreticians of cooperativism.

The Rochdale experiment which emerged as a protest against the competitiveness and exploitative nature of the society in which the pioneers lived, began as a desire for creating a community; but very soon, within a decade of its founding, the notion of founding communities faded and what remained of it was a business organisation¹⁰.

Right from the late 17th and early 18th century to the present day, cooperatives have a long and chequered history. They have not only grown in the country of their origin but have expanded into remote regions. Along with their growth, and expansion over the decades, the notion of 'cooperatives' and 'cooperativism' has kept changing with time and from situation to situation. In the present day world, the term cooperatives evokes varied notions and definitions. It often baffles an investigator

10. See Cole (1944: 88-89) Cole remarks (p.89) "The pioneers had settled down to develop cooperation not apart from the world, as it was, but in that world and subject it to limiting conditions".

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and one tends to get lost in this maze of definitions as to what a cooperative is ?

THE PROBLEM OF DEFINITION:-

What is a cooperative ? Is it the same in every society?

The question, what is a cooperative implies that there is a distinction between cooperation and cooperatives. This distinction is best brought out by Peter Worsley (1971: p. 1-2). Worsley distinguished between 'cooperation' as a division of labour in the sense of a specialization of function from the term 'cooperatives'. The latter has the features of organisation and association, the emphasis on either-depending upon concrete cases. Thus he distinguishes cooperativism, the modern form of cooperation, and the traditional form.

"Cooperativism is not just a technical division of labour; it is mutual aid ... a positive orientation towards others in society, and a particular identification with the ordinary, the humble and the least privileged, together with a collectivist orientation which implies the limitation of self-interest and the institutionalisation of altruism". "The cooperative has goals which transcend the purely technical or economic.." remarks Worsley¹¹

Having outlined the distinction between cooperation and cooperative, we proceed to answer the first question.

11. Oommen (1975: 166) also supports Worsley with regard to the view that cooperatives have goals which transcend their economic interests. He calls these types of organisation/associations as instrumental associations.

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The views on what is a cooperative is far from similar, except that it refers to an organisation wherein persons voluntarily associate together as human beings on a basis of equality for the promotion of the economic interests of themselves. Further, only a few, if not none, would dispute that, the following principles govern cooperatives:

- I. The primacy of association is of human beings and not of capital.
- II. The members of the association are equal, the accepted rule being one member one vote.
- III. The act of association is voluntary.
- IV. The association has an objective in which the members have a common interest and the attainment of their interest requires the contribution of each (I.L.O, 1957:3).

But a cooperative does not exist on principles only.

It is an organisation, an economic enterprise - which has certain structure - which can make one distinguish as to the extent of it being democratic, voluntary and 'cooperative'. Principles act as an aid in functioning but do not form an organisation in themselves. Thus, a cooperative does not exist in vacuum it exists in a concrete context at a particular time. It, broadly speaking, exists in a society and not outside it. Thus, T.K. Oommen's¹² remarks are apt. We may even

12. Oommen (1975:167) remarks "...different types of societies (traditional, transitional and modern) are likely to have different types of voluntary associations. If so, it is the elasticity of permissiveness and the need structure of a given society which will determine the nature and type of its voluntary association".

proceed further and say that it is the elasticity of permissiveness and the need structure of a given society which determine the nature and type of cooperative associations. A cooperative is thus affected by the surrounding structure - its structure and objective for which it is formed are influenced by societal conditions.

Broadly surveying the cooperative societies in and from various societies we notice that these cooperatives can be classified into three broad categories - cooperatives in Capitalist Countries (e.g. Britain, France, Sweden), differing from those in "Socialist" countries (e.g. Poland, USSR, etc.). The third type would be cooperatives in developing countries (e.g. India, Israel, Tanzania, etc.). The sponsorship, structure and objectives of cooperatives differ and the classification has been done on this basis. Sponsorship can be either 'voluntary' sponsorship or by the government; such a dichotomous distinction is purely heuristic. Structure of Cooperatives differ in these cases, not only in terms of their emphasis on either producer or consumer cooperatives, but also, as we shall see later, on the 'types' of producers' cooperatives. The objectives of cooperatives broadly belonging to the above three streams - are not necessarily contradictory to each other. The first stream views that cooperatives have a redistributive role especially for the weaker sections, the second

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stream views this as a transition stage for 'socialism' where mutual aid will be used for the benefit of the entire society rather than of a group; lastly, the third stream, not only emphasises on the aspects of the first two, but also views that cooperatives would play a positive role in the development of the economy rather than act as a purely 'defensive' mechanism as it does in capitalist societies.

Most available literature on cooperatives (and what are cooperatives) is from capitalist countries. Interestingly the authors from these countries emphasise on certain aspects to the neglect of others. Digby (n.d.) considers 'cooperation' as an "economic enterprise, the structure and objective of which are somewhat between those of a private enterprise and public undertaking". Sargent Florence (1968: 390-391) emphasises the absence of a capital providing class in a cooperative. Fay (1952) considers a cooperative as originating among the weak - for joint trading. He does not focus on cooperatives of producers. For him :

" Cooperative describes producers and consumers not as possessors, nor as individuals or role occupants, but as social beings. Consciously pooling their resources in mutually beneficial ways, in the name of a common ideal and in common opposition, too, to those people and institutions seeking to exploit them".

Even though Worsley is able to bring about the distinction between 'cooperation and 'cooperatives', explicitly, on the issue

of what is a cooperative he does not help us any further than other authors from capitalist countries. Cooperatives can exist in countries where the right to private property has been abolished, that is nationalised; cooperatives in such countries are different from those in capitalist countries. In addition, now-a-days the state has come to play an active role in mobilising resources for cooperatives. Thus the nature of cooperatives in such countries (for example India) is not the same as in others as made out by Worsley.

But Worsley rightly points out that "the cooperative does not depend upon total equalization". It does not imply the elimination of private property, nor even of the profit oriented mode of economy. (Worsley: 1971: 4 & 5).

This view is reinforced by the writings of socialists in an indirect way. Oscar Lange (1970:11) views that cooperatives of non-capitalists, emerge and develop in capitalism as a protection of these classes against capitalist exploitation. Kowalak (1972:35) remarks that cooperatives in Poland are based on certain assumptions - one of which is that cooperatives by themselves cannot transform capitalism into socialism.¹³

13. The other two assumptions are: i) In the socialist state, cooperatives are able to carry out new tasks connected with the socialist economy and transformation. ii) Cooperative farms developed at the time before the creation of the first socialist state can be maintained and used in the establishment of a new social order (Kowalak, 1972: 35).

Lenin has been the source of inspiration for cooperative thinkers in "socialist" countries - be it the Soviet Union or Poland or Hungary (Erdei 1963:1); Kowalak (1972:35); Meszaros (1972:31); Klimov (1969:16). Lenin's views on cooperatives would throw more than ample light on the nature of cooperatives in "socialist" countries.

" Under private capitalism, cooperative enterprises differ from capitalist enterprises as collective enterprises differ from private enterprises. Under state capitalism, cooperative enterprises differ from private capitalist enterprises because they are collective enterprises, but they do not differ from socialist enterprises if the land on which they are situated and the means of production belong to the state i.e. the working class " (Lenin 1923: 473)

Thus the common characteristic of cooperatives in capitalism and in conditions of socialism - is that they are collective enterprises. But by considering the definitions of cooperatives only we do not get a complete picture. The Hungarian cooperative Act ¹⁴ for instance, views that :

" a cooperative society is a society of small economic units, the members of which is not previously settled. It is meant to promote its members individual and common interest and the social rise as well. Its members take part in activities of the society by personal contribution or by enlisting the service of cooperatives and by rendering financial contributions" .

14. Quoted in Erdei (1963: 1] Erdei's own definition (p.2) is not of much help. It does not throw much light on the issues of structure, sponsorship and objectives.

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Such definitions perceptibly do not differ much from the definitions of cooperative societies offered by the authors from capitalist countries. The only insight we gain is that cooperatives in Hungary, are expected to contribute to "social rise" as well. So diverse is the situation from country to country that one cannot generalise about the entire "socialist block". But what emerges from a wide ranging survey of material available about "socialist" countries of Europe is that private property, especially individual holding, is still found and allowed in these countries (Erdei, 1963:2 & 5; Meszaros, 1972:31; Spirk, 1969:142; Digby, 1960^b:17). Cooperatives especially producer cooperatives are formed on the collectivisation of the property of these individual holdings (Lange, 1970:12) or by forming cooperative associations on state level¹⁵ (Erdei, 1963:22). The sponsorship in either case comes from the government mostly in an indirect manner. In the case of

15. Ferenc Erdei mentions instances of both types. While the Soviet law remarks that collective farm - called Kolkhoz are farmed on state owned land, the Rumanian statutes on the other hand considers it to be a voluntary association, in which they unite their lands. The Bulgarian law is similar to the Soviet, in the case of Poland and Czechoslovakia - both types are found, i.e. Voluntary association, lands into cooperatives; and voluntary associations on state land. In fact the co-existence of both types in all these societies cannot be ruled out; which type is widely prevalent is not clear.

commercial and or consumer cooperatives, the role of government is more direct¹⁶.

Sponsorship in Socialist countries is thus from the government (especially financial sponsorship). Sometimes the government offers incentives by conferring certain privileges on cooperatives. Lenin (1923: 469 & 470) himself remarks that states should grant a number of financial and banking privileges to cooperatives and thus support and develop cooperatives. This is not to deny individual voluntary incentive but the predominant motivating force is the state. This is well brought out by Margaret Digby (1960^b:17). She remarks that :

" When in 1957 permission was given for any one who wishes to leave the collective, the number of farms fell within a few months by 80 per cent, membership by 80 per cent and area farmed by 90 per cent. In other words not only were the great majority of farms dissolved, but those who remained lost members and land "

Cooperatives are considered by Lenin (1923:⁴⁶⁸4) to be of exceptional importance "from the standpoints of transition to the new system by means that are the simplest, easiest and most

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16. For instance, the National Cooperative Conference of the Hungarian Workers Party pointed out the way of development according to the cooperative principles worked out by Lenin. This way was the formation of cooperatives societies free free from every compulsion based on entire spontaneity, helping agricultural production in the most effective way. Such cooperatives societies had to be formed which could prevent considerably the financial ruin of small and middle peasants and at the same time could make the economic development of above mentioned strata possible through state financial support (Meszaros 1972:31), (Lenin 1921 : 370).



acceptable by the peasant". Thus cooperatives are being considered not only as a transitory vehicle to socialism - but also in this process contributes to the general welfare and growth of society¹⁷, and at the same time improves the weaker sections. Thus cooperatives in the socialist countries are imbued with a wider objectives than cooperatives in capitalist countries.

Lenin's consideration of cooperatives as a transition to socialism is reinforced by Oscar Lange. Lange (1970:14) identifies the difference between socialist and cooperative ownership : "Cooperative ownership has limited scope, while socialism would be an economy, based on social ownership of means of production and distribution for the purpose of meeting the needs of the whole society and not only of its groups or parts".

If this is so, we notice that this would be a case where a group of people voluntarily cooperate and produce, for instance in the case of agriculture, for the state (representing the entire society) on the land of the state; this in itself, is a form of

17. See Lange (1970:12). Cooperatives, according to Lange, constitute a means of nationalization of small-scale production and services that are thus transformed into a socialist economy. Further - cooperatives are a form of socialist accumulation and a basis of the development of a socialist country. Also see Meszaros (1972:31); Cooperative Self Government in Peoples Poland: 1967: Publishing House of Central Agricultural Union of Cooperatives, Warsaw. Here also a cooperative is expected to raise material standards of living and social consciousness for the good of Polish Peoples' Republic.

cooperativism which is the end-ideal of socialism¹⁸. But in the case of cooperatives, the members unite their holdings. Uniting can be at different degrees of combination of individual family farm with cooperative farm¹⁹. Cooperatives on state land are not unknown, the Soviet Kolkhoz experiment is one such instance. The Chinese commune although slightly of a different type, would fall in this category. Such types of cooperative structure are not found in capitalist societies owing to the nature of property-relations.

Another interesting feature of cooperatives is the structure of authority in these societies.²⁰ The societies

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18. This point is made by Erdei (1963:23). He remarks that "from the point of view of economy the entire cooperative farm would mean the complete cessation of the members individual family holdings and uniting all their means of production - such a degree of common economy historically has not yet developed..it is an acknowledged economic political aim of socialism". Erdei is emphasising on ownership at group level and not group working on state property.
19. Erdei (1963:28, 29 & 30) identifies three types of cooperative farm : (i) The first would be groups which are associated for joint cultivation in which certain operations are done jointly e.g. ploughing, sowing, etc. but the property remains the property of individual members (ii) In the second type the means of production are owned collectively, and work is done collectively but property continues to belong to individuals. (iii) The third type is where the 'land is given for eternal common use to producers cooperative and the products are distributed according to work performed'. This classification is taken from (Erdei: 1969).
20. We can speak authoritatively about Poland - as a lot of literature is available. But in the case of other countries the complete data is hard to come by. Thus we can speak in general of Chinese communes, (Russian) Soviet Kolkhoz and other cooperatives in these countries and in Rumania, Czechoslovakia and Hungary. Data on structure of cooperative authority, organisational structure and problems, are not available. Only in the case of Poland ample literature on all aspects are available.

are linked to regional and then to a central union of cooperatives in Poland. The policy seems to be a "centralising" process in decision making. The General Assembly is the supreme organ only on paper. The council which supervises and controls the activity is the board of the cooperatives and the execution of statutory tasks. Above the council is the Board which is not only elected for an indefinite time period but also has sweeping powers including veto powers²¹.

If the case of Poland is any indication to the structure of cooperatives in other countries (of the "socialist block") then it would not only raise eyebrows but be stirring a hornets' nest as the case of Poland makes it amply clear, that the Board is "supreme" and not the General Assembly. Many may question whether such type of cooperatives are democratic? It definitely is not by usual standards.

In the third type, cooperatives play an important role not only at the level of redistribution, but also as in

21. From Cooperative Self Government in Peoples' Poland, by Central Agricultural Union of Cooperatives, Warsaw, 1967. See p.32 regarding General Assembly; p.42 regarding the Council and p.49 regarding the Board. The Board represents cooperative in all external affairs and its terms of reference include adoption of all decisions which are not reserved for other organs in the statute or in law. This is a thorny issue which is much debated outside Poland - whether such cooperatives are democratic or not.

socialist societies, in the growth of the economy. The view is best represented in the Indian case. The Indian Fifth Five Year Plan²² considers cooperatives to have the :

"merit of combining freedom and opportunity for the small man with the benefit of large scale management and organisation. Cooperatives are therefore eminently suited to bring about the desired socio-economic changes in the context of existing conditions in the country. There is no other instruments as potentially powerful and full of social purpose as the cooperative movement".

Thus, cooperatives are not just institutions which safeguard the interests of the weak and the oppressed; nor are they considered only to be a transitory stage to another order, but are imbued with the purpose of bringing about socio-economic transformation. The emphasis is on the word 'socio' for this is another dimension added as a pre-fix to the word 'economic'. From purely economic motives they have a 'socio-economic' task. They are the catalyst which are to stimulate a series of changes in the country-side. The objectives of the cooperatives in these developing countries have thus a wider goal. It is seen that cooperatives although predominantly located in the rural countryside are not absent in urban areas. Further cooperatives are not confined to agriculture

22. Draft Outline Fifth Five Year Plan, Govt. of India, Planning Commission, p. 72; point 2.16. The emphasis is mine; the word "movement" is loosely used - in this case - and does not refer to what sociologists normally refer to as Social Movement.

only but are also in industries.

The cooperatives in these countries is usually sponsored by government. The government takes a keen interest in sponsoring cooperatives²³. Sponsorship can take various forms: (i) One is just the motivation through propaganda and education. (ii) Then there is sponsorship of a joint nature, i.e. the government through its agencies, is willing to pool in certain amount of finance provided the cooperators or those willing and wanting to form a cooperative, pool in a certain amount. (iii) The third category is government sponsoring through financing a cooperative; such cases would be "joint farms", or cooperative farming societies, and these are not rare in India.

Combinations of these may be found. Thus a government may be willing to do the first and second types or first and third types of sponsorship. The most often found is sponsorship in which there is combination of the first two types. But in a country like India and other Third World Countries like Tanzania, Israel etc. combination of the first and third types were/are predominantly attempted./

23. Oommen/remarks that "In a society characterised by widespread poverty, illiteracy and ignorance, the initiative to form formal organisations rarely comes from the masses. When the government in such a society is wedded to planned economic development, organizational innovations are frequently attempted to bring about social change". He goes on to say that the sponsor often determines their (organisations) orientation. See Oommen 1976: 177-178. As an instance of organisations for economic betterment he mentions cooperatives.

Actually in Third World countries, the structure of the cooperatives differ from country to country and from case to case. The Israeli moshavs and kibbutz and the Indian Gramdan and the Chinese commune are Cases in point. The Kibbutz, the Gramdan and the Commune on the surface seem to be much similar as organised rural settlement having (collectively) certain area of land, and living off it. But the similarity cannot be stretched further. The Chinese communes in industrial areas and within municipalities also exist²⁴.

The Israeli Kibbutz and moshavs emerged in their society more out of need than out of governmental and state action like the Chinese commune which was introduced after the Central Committee (of Chinese communist Party's) resolution of 29th August, 1958. (Donnithorne (1966:46), Peterson (1966) King (1968:188-219); Hughes and Luard (1959: 142-162); Chu(1963: 184-192); Dutt (1967:27-32); Beckman (1962: 525-528); Lethbridge(1963). The Indian Gramdan is different from both. Conceived by an individual and aided by his supporters it was supported by the state in indirect

24. Shih Ching-Chih mentions six instances of communes in urban areas including a commune in industry. They include the Kiangnan Shipyard commune, Shanghai; Street Commune of Chiaotso, Honan province; Workers Dormitories an "experiment in combining factories and Mines" in Yangchuan city, Shansi province; the communalisation of spinning and weaving Machinery Factory in Chengchow; etc. (See Shih Ching-Chih (1962:34-50). See also Donnithorne (1966:47) for further evidence of the same.

manner through propaganda, legislation etc. but it was not made the main plank of the states socio-economic policy.

Not only do these 'institutions'/ concepts differ in terms of their origin but also their organisational structure and their ideology and the social conditions under which they were introduced differ.

The first Israeli Kibbutz came up in 1908 although 'cooperativism' was an issue discussed by the Jews living in Palestine at the turn of the century. It was an issue discussed in the Fifth World Zionist Congress in 1901 (Viteles 1966 Vol.II:3). In 1901, the Jewish National Fund had been established - which was to acquire land in Palestine with the contributions of Jews from throughout the world and the land thus bought belonged to the 'jews', in concrete terms the ownership rights being vested with the Jewish National Fund. Those who settled in the land received only leaseholds. The land was not to be made a private property nor was it to be "defiled by speculation" or by the "exploitation of others in its working" (Infield 1946:Ch.I; Viteles 1966: Weingarten 1955: 7-14). But the settlement plan soon ran into rough weather for the internal organisation was left to the settler members. Many of the new colonists often found that they had no real knowledge of tilling the soil. Often they found the hardships unendurable. Some quit and others who were proven failure continued to remain on the land which they did not know how to utilize.

The funds were limited and if they were not to be frittered away soon- something had to be done quickly.

"At this point was conceived the notion of settling the colonists in groups. Group settlement offered many advantages... group settlement served to counteract the shortage of trained colonists. Best of all, the individual was but one of many in a group. If he quit another would take his place. If he turned out to be a failure, he could easily be removed. Cooperative farming was thus forced upon those responsible for the survival of Jewish agricultural settlement" (Infield 1946: 13-14).

In the case of Gramdan it is as P.N. Mukherji (1970) terms as "experiment in induced social change". It was introduced from the top. As P.N. Mukherji states "It (Gramdan) is a deliberate and conscious attempt by a voluntary organisation - the Sarvodaya - with the support and encouragement of the government, to bring about far reaching changes in the Indian rural society" (emphasis mine). The Gramdan experiment, as it has come to be termed following its failure in terms of achieving its goals, was an attempt made by a band of persons who voluntarily undertook this task with a preconceived set out plan²⁵. The Israeli Kibbutz on the other hand was formulated by the settlers themselves while those who acted as agents of the Gramdan experiment were outsiders. Secondly, the gramdan was based on a particular philosophy and ideology. In

25. See Oommen (1972) Oommen considers Gramdan not as an induced experiment but as a social movement.

other words an organisation was attempted to be created after a discussion on what it should be. But the Israeli Kibbutz emerged in a different way- owing to the impelling conditions of the society; the settlers were running out of funds owing to initial failures; it was literally a question of survival for them and they found the Kibbutz type of organisation as the best suited to survive in a hostile environment.

The Chinese commune came into being after the resolution adopted by the Central Committee on 29th August, 1958. The evolution of the commune is a logical outcome of Chinese ideological line. From land reform to mutual aid teams to agricultural cooperatives and then to communes was the phases envisaged. During the First Five Year Plan it was hoped to form mutual aid teams and agricultural cooperatives. But inequality was not completely abolished and this made Mao to force the pace of collectivisation²⁶ (See table I & II)p. 31 and 32)

Organisationally they also differ. The Kibbutz is based on the following 10 principles:

- (1) The land is nationalised: it can never become private property
- (2) All work is done by the group itself: all members must participate therein.

26. Donnithorne (1966: 31-41), Peterson (1966), King (1968:118-219), Beckman (1962), Chu (1963: 184-192); G. Dutt (1967:30), Lethbridge (1963:71) Dutt does not purport a particular day but states that the decision was taken in the meeting held between 17-30 Aug, 1958.

27
T A B L E - 1

Percentage of Peasant Households in Mutual Aid Teams and
 Agricultural Producers Cooperatives, 1950-56.

YEAR	Mutual Aid Teams	Lower Agricultural Producers' Cooperatives	Higher Producers Cooperatives	Total Percent in Mutual Aid Teams and Agricultural Cooperatives.
1950	10.7	-	-	10.7
1951	19.2	-	-	19.2
1952	39.9	0.1	-	40.0
1953	39.3	0.2	-	39.5
1954	58.3	2.0	-	60.3
1955	50.7	14.2	-	64.9
1956	-	8.5	87.8	96.3

27. From: Donnithorne (1966: p.39) Donnithorne takes it from
Ten Great Years, Peking, 1960. p.5

Note: (-) : None.

28
T A B L E - 2

THE SOCIALIZATION OF AGRICULTURE IN
MAINLAND CHINA

YEAR	Mutual Aid Teams ('000 units)	Lower Stage of Agricultural Producers Cooperatives.	Higher Stage Agricultural Producers' Units.
1950	2700	19	1
1951	4760	300	N. A
1952	8030	3640	10
1953	7450	15000	15
1954	9930	114000	201
1955	7150	633000	529
1956	N. A	681697	311935
1957	N. A	N. A	700000
1958	-	-	740000

Note: N. A : Not Available
 - : None.

28. From Lethbridge (1963:189).

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- (3) The group is subordinate to Association of workers.
- (4) Absolute personal and communal responsibility for work done.
- (5) Equality of members both in working and in living standards, common education for their children, joint responsibility for the aged, equality in living conditions and in privileges for all group members.
- (6) Regulation of property rights in accordance with the stipulations of the Association of workers, especially concerning inheritance and private property originating outside 'kvutza'.
- (7) Election of the members by the group itself.
- (8) Freedom of the individual in politics, religion, party affiliations,
- (9) Observance of basic 'Kvutza' principles in dealing with other 'Kvutzot'.
- (10) Settlements of disputes within association of workers.²⁹

The Indian Gramdan although sharing with the Kibbutz in its ethos the attitude to private property differs significantly in so far as that it intends to make an already existing institution village, from one heightened by class differentiation and exploitation - into an institution in which they cooperate with each other based on the principles of cooperation. The Kibbutz is a settlement started

29. These ten principles are mentioned by Infield (1946: Ch, IV. Social Control p.50. See also Viteles: 1966 Vol.II) Viteles mentions that since 1956 Kibbutz have common political ideology as well. Infield differentiates between Kvutza and Kibbutz: the individual settlement is called Kvutza and the coordinating organisation is called Kibbutz by him.

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by settlers and whenever a new Kibbutz is set up it has to be started afresh: an institution to be set up; in an area where there existed none. P.N. Mukherji (1966: 33-41) puts forward the points which define Gramdan:

- 1) ^A For the purpose of Gramdan a village may not be a revenue village. Even a small village (small settlement) may be considered as Gramdan village.
- 2) A settlement of ten or more than ten households can be a gramdan village.
- 3) The idea behind gramdan is to make a family of the village. Therefore communal ownership should replace individual ownership. ✓
- 4) The sense of communal sharing of property also extends to the lands on which share-cropping is done.
- 5) Total gramdan takes place when 100 per cent of the population of a village as defined above, give all their lands in possession in that village in gift or dan.
- 6) If any person owns land in two or more villages, including the gramdan village, and decides to make a gift of the lands in the Gramdan village but continues to maintain proprietary rights over the lands in the other villages then this will not affect the status of gramdan in that village.
- 7) If gramdan is not total, then:
 - a) If 80 per cent of all the families in the village, landowners and landless, decide to declare gramdan;
 - b) If the number of such landowners who decide to declare gramdan form 80 per cent of all the landowners in the village, irrespective of whether they want to declare gramdan or not;
 - c) If 50 per cent of the total land owned by those who live in the village are given in gift in Gramdan; such a village will also be considered as a gramdan village"

As Mukherjigoes on to say .. "with the advent of gramdan in a village, the village undergoes a series of changes which are largely induced. These changes if accepted and institutionalized would become permanent parts of the social structure.." This makes it amply clear the difference between gramdan and Kibbutz. The gramdan allows families to live in separate households; its intention is to establish a relationship like that of a family in the village; the villagers elect a committee and its tasks are primarily concerned with economic dimensions³⁰. It does not attempt nor is it made clear as to whether there is any intention to alter the existing institutions of family, communal relationships, education, socialisation and the like.

The Chinese commune was different from the Gramdan and the Kibbutz in that its organizational structure differed radically from that of the Kibbutz or of the 'gramdan'. Interestingly we can actually differentiate in the commune itself

30. Oommen (1969) also makes the point that "each gramdan village acts as a separate political entity and enjoys developmental judicial powers" (p. 657) Oommen also explains that "the sarvodaya aims to manufacture an altruistic individual; the factory in which this process will, it is hoped, take place is the small village (p. 55) The foundation of rural society are joint family, sub-caste, caste, territorial groups and other in-groups." But Oommens interest being different he does not explore as to whether the gramdan experiment was to change "the Indian individual with particularistic bases of life" to one with universalistic in outlook. In other words, the question as to whether the intention of gramdan experiment was to (i) change the institution of family sub-caste, caste, and such other loyalties, (ii) If so, how ? and (iii) whether any such attempt was made or not, is left unanswered by him.

two distinct phases. In the years since 1959, what was known as commune is not the same as the same term connoted during 1958-59 ! The only continuity between the two periods is the term (Chu, 1963: 158 & 188; Donnithorne, 1966: 88; Lethbridge 1963: 99-100). In 1958 it was decided to amalgamate the lowest administrative unit 'hsiang' and the agricultural cooperative into bodies called 'peoples communes'.

" These communes were to combine political and economic functions and be both basic economic units and basic units of state power. The communes were to be multi-purpose units for management of agricultural, industrial, commercial, cultural and military affairs. They were to achieve this multi-purpose nature by absorbing or amalgamating with the basic level organizations operating in the countryside which included the officially sponsored cooperatives for supply and marketing, credit and handicrafts, and the local branches of the Peoples' Bank" (Donnithorne, 1966: 44).

Sometimes, if not always, market towns were incorporated into the communes. The communes besides being the basic unit of taxation was to promote the declared intention of collective living.

As the communes were to consist from 10000 to 40000 peoples

" Each commune would have 16 departments administering agriculture, industry, water conservancy, defense science and culture. The inmates would be organised into military units from squads to regiments. All men and women from fourteen to forty would belong to the militia, from fortyone to fifty to the reserves. When a baby was one month old, he would be taken by the state and put in the commune nursery; at three the kindergarden; and at seven the grade school. There would be no more families. Husbands and wives would work, eat and live separately with their own sexes in public dining halls and dormitories, and get a sex break once a week in assigned room for assigned length of time. The aged would live in "Happy Homes". Each commune was to have its own schools, universities, hospitals, dining halls, libraries, laundries, serving teas, cultural centres and broadcasting stations..." (Chu, 1963:185)

Donnithorne makes out the difference more explicit:

" The claim that communes were sprouts of communism rests chiefly on two grounds; first that they included an element of 'all people ownership' instead of the collective ownership which had prevailed under the cooperatives, and second because a part of the income of the commune members was to take the form of free meals and sometimes of other goods and services to be distributed on the basis of need rather than work" (Donnithorne 1966: 45; Dutt:1967:106)

In the post-1958 period there was a further reorganisation owing to the catastrophe in the rural economy. Only the term 'communes' was retained and the entire social organisation changed. Administrative functions were stripped and restored to the old structures. Further their size was reduced - and they were made equal to the former higher agricultural cooperatives. In addition the institutions of family, small markets, shops, stalls etc. were restored (Donnithorne:1966:45; Chu 1963:185; Dutt 1967:127-134). The actual present structure and organization of the commune is vague if not clear from available literature although on the question of their success all authors (except one)³¹ seem unanimous in their conclusion regarding their failure in original form of 1958.

The Kibbutz, the gramdan and the commune differ in their ideological purpose--the commune is supposed to consist of "all people ownership" in which distribution is according to need. The kibbutz

31. The one author who does not reflect the views of others is the American Lady Anna Louise Strong. See Anna Louise Strong (1964). Her style of writing is one ^{of} unquestioned acceptance of whatever Chinese say to her questions.

does not emphasise only the need aspect. Work is an important dimension/ criteria by which 'rewards' are given. The gramdan emphasises also on work; and the land is owned by the people of the village and not by the state³² as in China or Israel.

The three also differ in one another important dimension. The Kibbutz is confined to Jews only, this is not found amongst others[↑] who also live in Israel. This is not so with gramdan for it is open on paper at least, to people professing different religion. In the case of the commune the same seems to be the case, but then the Chinese officially do not have any religion !

The kibbutz and the gramdan were attempts in an environment which is/was hostile- the capitalist environment and society in which they are found, have an interest different from those who want to establish either the kibbutz or gramdan. In the Chinese case, the 'communes' are the monopolies aided by the state directly !

This survey of the broad canvas of cooperatives in these countries clearly show how not only the nature of cooperatives differ from country to country, but also that they differ according to the social conditions, be it capitalist, socialist or the underdeveloped (developing countries). The nature of the cooperatives are a clear reflection of the need structure of a society and this

32. Coomien (1972:28, 29 & 30) mentions that three types of farming are possible in gramdan village: "collective farming on the entire land in the village; (2) collective farming plus family farming 3) collective farming plus group farming". Thus gramdan offers a greater latitude than either commune or kibbutz.

affects their structure and objectives. This factor becomes important, for as we shall see later on, that one of the factors attributed to the failure of cooperatives in India is the role of the state. This has to be examined in the context of the nature and phenomena of cooperatives we find in the world of to-day.

Having surveyed the nature of cooperatives in a broad geographical-social context, if we narrow the geographical-spatial context further to India- we notice that cooperative in its modern form is often confused with the concept of trusteeship, propounded by Gandhi (B.K. Sinha:1970). This needs our further attention; it has to be examined so that the ramifications are brought out and the differences between the two clarified.

TRUSTEESHIP AND COOPERATIVES: "TWINS OR COUSINS ?"

The concepts of 'Trusteeship' and 'Cooperatives' are common occurrences in the language of the Indian intelligentsia. They are often used interchangeably without giving serious consideration by the laymen. Some even go to the extent of considering them as very much akin to each other, like twins or cousins having a common parentage or ancestor. (B.K. Sinha (1970:103-122) considers cooperation (presumably used interchangeably with cooperatives) and trusteeship as having same ideals with sarvodaya. Since they have same ideals, the reader is left to understand that there is no difference. Badananda Sarkar's compiled work (1974) is of no

better help. The problem remains unclarified. Vinoba Bhave's (see Sarkar-1974) article helps us in no way while Pyarelal Nayar's (see Sarkar:1974) article is also of little help.

Trusteeship and cooperatives are far from related to each other even though they have, if not common, but at least similar ideals. Cooperative is an organisation using the principle of "mutual aid for mutual benefit". It does not claim linkages to any particular philosophy even though it may be a product of several philosophical streams. It is a concrete economic organisation found in a particular socio-historical context.

On the other hand trusteeship is a concept which has not only philosophical rootings, but is at the same time is based on certain assumptions of a universal nature of human love. In other words the assumption behind trusteeship was that human nature was good (see Pyarelal 1958:83, 91 &94). Based on this assumption it proceeds to elaborate its philosophy further. It considers that there will be "differential talent" in humanity, and this inequality cannot be abolished. Thus some would have the talent for business, some others for teaching and so on. Since this is so, certain category of individuals especially the propertied class, would, by a conversion of their nature, be converted to being trustees. They would guard the more than needed amount of their property as a trust, and thus inequality would be abolished (Pyarelal 1958: 82-89). Trustees would be not only of property, but in other spheres as well as in management, etc.

Cooperatives have no claim nor any linkages to such a philosophy. Its goals are more particularistic than universalistic when compared to 'trusteeship'. It is an organisation in a spatial temporal context, while trusteeship is more philosophical.

This brief venture would suffice to expose the argument that trusteeship and cooperatives are related. As trusteeship and cooperatives differ, they should not be confused, nor will trusts fall within the ambit of our consideration when we delve further into the problems of cooperatives.

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C H A P T E R -IICO-OPERATIVES IN INDIA.

Cooperatives in their modern form are of recent origin in India, having been given recognition for the first time, when an Act was promulgated in 1904 by the colonial government. The history of the cooperatives right from the time they were introduced by the British till the present day can be categorised in two phases - the colonial period and the post-colonial or post-independence period. The colonial period is a period of haphazard expansion wherein cooperatives were introduced primarily as an attempt to quell agrarian tension caused by gross exploitation by money lenders. In the post-colonial period, cooperatives came under the umbrella of state control and have predominantly been affected by the acts and decisions of the state. But what is common to both these phases is that cooperatives have generally been failure¹.

In the previous chapter (see page 3) we had referred to cooperatives having "failed to live upto their purpose" on the basis of three criteria. But what are the indicators of success

1. See Thorner(1964). He remarks "As a whole, the first half century of cooperation in India (1904-1954) has been written off as a failure" (p.1). The next twenty years since 1954 have proved to be no better as evidence will later show.

and failure ? How do we show that cooperatives have been a failure/successful in mitigating the sufferings of the exploited ? These are some of the issues that crop up while dealing with this problem. Cooperatives are considered a failure when:

- (i) Financially they run on a loss
- (ii) a majority of the societies are dormant as opposed to being active
- (iii) when a majority of the cooperatives (credit) favour the rich as opposed to the poor.

These three criteria occupy the pivotal position in the over-all evaluation of whether any cooperative(s) is/are successful or a failure. There are other indicators which though not of such crucial importance, are also considered as indicators of success/failure as one moves up from "lower" level of cooperative solidarity to "higher" degrees of cooperative solidarity. Thus with regard to the issue of leadership - a cooperative is considered a success when the leadership is indigenous in nature and is not of 'alien' origin to the society or community concerned. One more point that needs to be mentioned is that the emphasis in this study is not on any particular type of cooperative or any particular geographic-spatial area but rather to the pan-Indian situation; and so the statistics and figures quoted are more often of an all India nature; the figures for states

is just to highlight that a particular feature is not confined to any area as such.

For the purpose of this study the prime source of statistical information for India is from the Reserve Bank of India publications on Cooperative Societies. As for the figures and statistics quoted by various authors and by other official publications, they have been accepted at their face value, without questioning their validity as even though the actual figures might differ, but the inferences and conclusions that can be derived, do not differ. ✓

THE COLONIAL ERA:

The introduction of cooperatives in a pan-Indian form was first done in 1904, when the cooperative Credit Society Act of 1904 was promulgated. As the title of the Act itself suggests, the cooperatives were introduced for purposes of meeting credit requirements, a bane of our society and actually of any society which is grossly exploited and underdeveloped. Since then the major sphere of cooperatives has been the sphere of credit²

2. Given at the time of beginning of the second plan credit cooperatives constituted over 80% of the entire cooperative societies (see Review of the First Five Year Plan p. 118)

The situation now has not changed much, credit cooperative societies still form the bulk of cooperatives in India³.

In a society characterised by extremes of poverty, and caught in the grips of transition to capitalism, exploitation is acute and discontent widespread amongst the exploited masses. Often it leads to outburst of protest against the immediate and visible representatives of such forms of exploitation - like money lenders etc. This is not to deny that the money-lending classes (and castes) were not harsh and exploitative, nor is to deny that they did not charge usurious interests squeezing every penny out of the debtors. In some areas, it led to outbursts of protest, often taking various forms. Such protests were quelled and have often been not recorded (an area in which more work has to be done by historians). The Indigo Revolt of 1859-60, the Deccan riots towards the end of nineteenth century, were amongst the series of recorded and unrecorded outbursts against such gross exploitation⁴.

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3. In 1950-51 there was a total number of 1.8 lakh societies and in 1972-73 there was 3.3 lakhs. Primary agriculture credit societies were in 1951-52, 1.07 lakhs and in 1972-73 there was 1.54 lakhs. (See INDIA 1976 Tables 16.1 & 16.5 pp.226-227) Still cooperative credit societies form the bulk. Presumably in credit societies - cooperative banks have not been included, otherwise the figure would be larger.
 4. Gatanach (1970). See Ch-I 'The Deccan Riots and Deccan Indebtedness (pp. 10-55) This section gives a graphic account of the situation then and the conditions under which the Act came in its formation. Catanach concludes (p.223) that the cooperative movement does not appear to have provided any decisive challenge in Bombay (Presidency) to the money-lender.

The Cooperative Credit Act of 1904 was one amongst a series of acts⁵ attempted to mitigate the tension in these areas. Born out of the dreams of some, and partly through government action, the essential features of the Act were that they a minimum of ten persons could form a society, with the society in rural areas having unlimited liability while the urban based societies had an option. Societies were exempted from taxes. Further credit was granted on the basis of real security. This, as was realised later on by the cooperative leaders, defeated the purpose of credit itself. As credit was meant for the weaker sections, the weaker sections could not afford any security.

The organisation that was born was weak. It did not take roots in the soil nor did it grow into a movement. By 1912, there was a realisation of the failure of the cooperative to make any impact in its infancy. An act was passed in 1912, which by certain organisational changes⁶ hoped to revive the structure and induce some dynamism into it. This seems to have caused rapid

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5. Mellor mentions that acts were passed in 1883 for long term loans and in 1884 for short term loans for cultivators on the basis of recommendation of the Famine Commission, 1880. He goes on to say that "subsequent series of acts, in large part dealing separately with different regions of India, attempted to regulate terms of loans and interest rates. See (Mellor, Weaver, Leld, Simon: 1968:61).
 6. Amongst some of the changes introduced were - that a Central or federal cooperative bank could be registered (as a cooperative), with the liability of the federal bank being limited. One-fourth of the profits was to be carried to the reserve fund (see Mathur:1971 64 & 65).

expansion as seen in Table 1, between 1911-12 and 1917-18. This expansion was only numerical, but the mere sprouting of societies

TABLE-1⁷

YEAR	Societies	Memberships (in lakhs)	Working capital (RS. in lakhs)
1911-12	8177	4.0	335.7
1917-18	25192	10.9	760.09

and increased membership did not result in the cooperatives growing. The MacLagan Committee which was formed in 1914 to take stock of the situation, in its report remarked the need for members being "honest" and that members make use of "loans for the purpose granted". It is quite clear from this that misappropriation and dishonesty was rampant. The express aim of development of thrift, one of the goals aimed at when setting up of the cooperatives, had failed !

The post world war I boom and rising prices proved to be a fillip for the growth of cooperatives in 1919; cooperatives came under the jurisdiction of the provinces.

7. From Mathur, 1971: 69 (Table-I)

The rapid expansion which the figures in Table-2 indicates, are only on paper and they were far from real.

TABLE-2⁸

Years	No. of societies	Membership (in 000)	Working capital (in crores)	No. of Societies	Membership (in 000)	Working Capital (in lakhs)
1918-19	28977	967	8.09	1971	262	2.17
1919-20	36299	1175	9.65	2662	339	2.90
1920-21	42149	1355	11.72	3222	291	3.63
1925-26	70733	2322	22.93	7069	730	8.85
1926-27	78538	2616	26.96	8133	800	10.13
1927-28	84559	2871	30.09	9092	903	11.77
1928-29	87991	3004	32.38	9761	992	12.63

In U.P., the village societies were mostly a sham; in Central Provinces a 'top heavy' organisation had come into existence. Several hundreds of societies were "eradicated" owing to past mistakes ! If the proportion of people is any indicator to the involvement of the people in cooperatives, then it was all along very low. The

8. Taken from Mathur, 1971 : 72.

states with the highest percentage of people from rural families involved were around 8 per cent and they were Bombay, Madras and Punjab. Other provinces had figure below 4 per cent, some like United provinces below 2 per cent ! Cooperative expansion, numerically, is no indicator of growth. Many authors overlook this crucial fact (Tyagi, 1968; Mathur, 1971; Hough, 1966).

Cooperatives have not only to expand in terms of membership involved, but also in the proportion of people involved in cooperatives, when compared to the past. Such a comparison is rarely made, and when one takes the percentage of rural population involved, they believe the claimants of cooperative success; and then it comes to light that many cooperatives are fictitious and existed only on paper (as in U.P.) or beset with overdues or some other problem.

The period from 1930-31 to the world-war and then to 1947 was a continuation of the past, with a short period of 'glory' amidst destruction'- which cooperatives enjoyed during the war period, as a result of the shift in policy. Prior to the war, the attempts at resuscitating the cooperatives led to the near collapse of the cooperatives, when overdues were attempted to be recovered. The second world war saw a spurt in prices, which resulted in a decline of overdues from Rs.14.5 crores in 1938-39 to Rs. 8.52 crores in 1945-46 (Mathur, 1971; 75). The war also

saw a shift in emphasis to non-credit sectors when the non-credit societies increased⁹.

But towards the end of the fifties, the cooperatives were entities which carried the malaise of past mistakes. It was like a sick child which inspite of doses of medicines continued to be weak and sickly. The fault lay not in the child but in the environment under which it was brought up. So also with cooperatives : it was weak; there was rampant corruption; dishonesty was a feature not denied. Such an organisation in which these factors had seeped through, could not be expected to change only by remedial measures at the level of organisation. The social factors have also to be taken into account. When an organisation is 'introduced' into a system, it becomes either a victim of the system or it introduces new forces and changes the system and adapts to the changed situation. In case of the cooperatives, it became a victim. More often than not it was "used", manipulated by the rich and became a cover for their exploitative activities.

It would be appropriate to add also that at the time when cooperatives were introduced, the national leaders were primarily concerned with the attainment of independence; and since cooperatives came to be patronised by an alien government (which was British) it was looked upon suspiciously. Supporting it,

9. Mathur claims (1971:76) that non-credit societies increased from a proportion of 17% to 23% of all cooperative societies. This is not to say that non-credit cooperatives were neglected from the beginning. Especially since, 1919, other types of cooperatives also emerged (like housing, consumer, etc.) but their proportion and growth depended upon circumstantial factors. Theirs was also a haphazard growth.

"might have meant strengthening the roots of British rule in India" (Sinha, 1970:62). Thus state patronage, instead of acting as a fillip, happened to be an handicap: the cream of Indian leadership were cut off from being involved, for the state itself represented an alien minority.

Lacking the support of both the masses and the enlightened leaders of the National Movement, Cooperatives were caught in the vicious web and lacked the support and faith to motivate them to maturity, resulting thus in a crippled organisation.

Only when the Gadgil Committee reported for adequate state participation in 1944-45, by which time the situation had changed, cooperatives came under favourable consideration of the leadership of Indian government which by then had come into Indian hands.

THE POST-COLONIAL ERA:-

With the ushering in of Independence, a sea change took place in the attitude towards cooperatives by the state and government. With the introduction of 'planned economy' cooperatives entered a phase of directed growth from an era of haphazard and uneven growth.

The change of government brought about a change of expectations from cooperatives. Cooperatives had no longer to play a redistributive role, with the intention of cultivation

of thrift habit. But now they had a wider and a general purpose: they were to bring about socio-economic changes as well--the "indispensable instruments of planned section in a democracy"¹⁰. They were the instruments through which socialism was to be ushered in India¹¹. The Fifth Plan not only reiterates what the Third Plan has stated, but goes further "cooperation is eminently suited to bring about the desired socio-economic change in the context of existing conditions in the country. There is no other instruments as potentially powerful and full of social purpose as the cooperative movement"¹². It goes on to say that the building of a viable cooperative sector is one of the major objectives of the national policy in the plan.

With these changes in expectations there also proceeded changes in investment. From an outlay of less than Rs. 10 crores in the first plan the outlay increased to Rs.80 crores¹³ in the Third Plan, to Rs.206 crores in the Fourth plan¹⁴ and to Rs.423 crores in the Fifth Plan.

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10. Review of the First Five Year Plan, p.198
 11. Third Five Year Plan, Govt. of India; Planning Commission, Ch.XIII, p.200
 12. Draft Fifth Five Year Plan (1974-79) Vol.II, Govt. of India: Planning Commission Ch.II, p.78 Point 2-16
 13. Third Five Year Plan, op.cit. p.209
 14. Fourth Five Year Plan: A Draft Outline, Govt. of India; Planning Commission, p.135

Table-3 indicates the gap in the actual outlay and actual expenditure on cooperation in the Five Year Plans:-

TABLE3-3

Period	Actual outlay (in crores of Rupees)	Expenditure (in crores of Rupees) Estimated/actual
First Plan	7.112 ^a	6.557 ^y
Second Plan	47 ^z	34 ^a
Third Plan	80 ^a	76-77 ^b
Fourth Plan	206 ^b	258 ^c
Fifth Plan	423 ^c	-

- Sources: a) From Third Five Year Plan, p.201
 b) From Fourth Plan - A Draft outline, p.133
 c) From Draft outline Fifth Five Year Plan (1974-79)
 Vol. II, p.85
 x) From First Five Year Plan, p.23
 y) From Review First Five Year Plan, p.333
 z) From Second Plan, p. 63

But when one takes the proportion of outlay/expenditure on cooperatives then we notice that in the First Plan the proportion of outlay (Rs. 711.2) lakhs] for cooperatives was 0.3 per cent of the Total Outlay of Rs.2069 crores. In the Second Plan, the proportion for cooperatives (Rs. 47 crores) was 0.9 per cent of Total Outlay

of Rs.4800 crores. This was a marked increase in outlay for cooperatives. But in subsequent plans, cooperatives got a lesser deal. In the Third Plan, the proportion for cooperatives (Rs.80 crores) was scaled down to 0.76 per cent of Total Outlay of Rs.10,400 crores.

In the Fourth Plan Draft Outline, the proportion was higher 0.86 per cent (206 crores against 23750 crores plan outlay); but in the actual plan it was scaled down and the proportion was (178.57 crores) 0.71 per cent against total outlay of 24882 crores. The Fifth Plan draft outline does not show any appreciable proportionate increase over the previous plan. The proportion for cooperatives (423 crores) is 0.79 per cent against plan outlay of 53411 crores¹⁵. This in itself indicated that the government is very cautious in its dealings with the cooperatives. If cooperatives were a resounding success, then the proportion of investment should have increased rather than decreased or just be elastic.

15. The relevant figures are taken from the relevant plans:

- See:- (i) The First Five Year Plan, p.23 & 137
(ii) The Second Five Year Plan, pp. 52 & 19;
(iii) The Third Five Year Plan, pp. 91 & 201;
(iv) The Fourth Five Year Plan, Draft Outline, pp.40&135
(v) The Fourth Five Year Plan, 1969-74, pp.216 & 51
(vi) Draft Outline Fifth Five Year Plan, Vol.II.
pp. 83 & 85

OVERDUES: -

The interesting picture that emerges is that although the proportional expenditure on cooperative has not increased much over the Five Year Plans, the percentage of overdues showed an increase in the same period in the sphere of cooperative credit.

In 1950-51, the percentage of overdues was 21.8 per cent and it continued to increase steadily every year. In 1951-52 it was 25.3, in 1952-53 it was 27.8 until 1954-55 when it was 30.3 ; then it jumped to 52.0 in 1955-56 ! It came down to 20 per cent in 1960-61; rose to 22.5 in 1963-64 and increased to 32 per cent in 1967-68. On the eve of 4th Plan it was 39 per cent and is estimated to be around 41% as on 30th June, 1972¹⁶.

Table 4 and 5 shows the actual position state-wise. 10 states of 17 states in 1969-70 had overdues over the national average of 38%. In fact 5 states had well over 50%: They were Assam 82%, Bihar 50%, J & K 60%, Orissa 63%, West Bengal 56%.

16. These figures are taken from:-

- (i) Review of the First Five Year Plan, op.cit. p. 119
- (ii) Fourth Five Year Plan, A Draft Outline op.cit. p.137
- (iii) Fourth Five Year Plan (1969-74) op.cit. p.215
- (iv) Draft Outline Fifth Five Year Plan, Vol.II, op.cit. p.76

TABLE 4 : OVERDUES IN PRIMARY CREDIT SOCIETIES

STATES/U.T.	As on 30.6.1970 ^(a)		As on 30.6.1971 ^(a)		As on 30.6.1972 ^(a)		As on 30.6.1973 ^(b)		As on 30.6.1974 ^(b)	
	Total Over-dues*	% to Loans outstanding	Total Over-dues*	% to Loans outstanding	Total Over-dues*	% to Loans outstanding	Total Over-dues*	% to Loans outstanding	Total Over-dues*	% to Loans outstanding
ANDHRA PRADESH	15.06	43	17.10	45	22.34	52	27.24	56	19.78	39
ASSAM	4.52	82	4.98	79	5.52	81	5.52	81	5.52	81
BIHAR	9.65	50	12.48	63	13.21	62	14.02	56	14.02	56
GUJARAT	18.42	21	20.68	22	26.59	25	28.13	20	37.05	24
HARYANA	5.75	33	8.70	47	11.06	52	11.64	47	11.75	44
HIMACHAL PRADESH	1.23	19	1.67	22	2.11	25	2.49	27	3.41	34
JAMMU & KASHMIR	1.86	60	1.86	60	1.11	55	1.11	55	1.11	55
KARNATAKA	20.54	47	21.53	43	26.47	46	30.80	46	30.82	44
KERALA	7.14	24	10.71	30	12.84	30	16.44	36	16.44	36
MADHYA PRADESH	28.96	40	35.81	43	42.96	47	47.79	47	54.66	53
MAHARASHTRA	56.39	40	61.84	38	73.87	44	34.73	20	79.90	39
MANIPUR	-	-	-	-	0.38(b)	75(b)	0.37	75	0.54	82
NAGALAND	-	-	-	-	-	-	-	-	-	-
ORISSA	12.38	63	13.84	66	14.78	58	18.87	64	21.16	68
PUNJAB	19.73	39	20.57	41	25.98	47	28.41	46	35.73	58
RAJASTHAN	7.65	36	10.33	44	14.58	63	11.44	43	12.61	38
TAMIL NADU	20.82	37	21.78	37	20.45	28	22.87	28	22.87	28
TRIPURA	-	-	-	-	0.29(b)	28(b)	0.55	43	0.83	67
UTTAR PRADESH	27.71	34	44.92	53	46.95	51	53.32	49	64.57	55
WEST BENGAL	9.50	56	12.43	71	14.59	79	11.65	62	9.54	42
UNION TERRITORIES	0.92	34	1.14	38	(0.58) ^b	1.24	(27) ^b	34	0.80	32
ALL INDIA	268.25	38	322.36	41	376.66	44	368.19	38	443.24	42

SOURCES: (a) REVIEW OF THE COOPERATIVE MOVEMENT IN INDIA 1970-72, Reserve Bank of India, Bombay 1974, Table 49; p.84. ^{CT}
(b) REVIEW OF THE COOPERATIVE MOVEMENT IN INDIA 1972-74, Reserve Bank of India, Bombay, 1976, ^{CS} Table 52; p.109

NOTE: * IN RUPEES CRORES
- NOT AVAILABLE

TABLE 5 : OVERDUES IN STATE AND CENTRAL
COOPERATIVE BANKS

STATES	As on 30.6.1972		As on 30.6.1973		As on 30.6.1974	
	Total over- dues*	% to Loans outstand- ing	Total over- dues*	% to Loans outstand- ing	Total over- dues*	% to Loans outstand- ing
ANDHRA PRADESH	21.6	46.3	20.9	40.05	16.7	29.32
ASSAM	8.2	85.4	8.6	88.66	8.6	88.66
BIHAR	14.1	55.3	16.5	57.69	18.9	62.79
GUJARAT	24.8	21.3	26.5	16.53	40.2	19.90
HARYANA	11.20	50.0	11.6	45.49	12.3	39.93
HIMACHAL PRADESH	0.5	33.3	0.6	37.50	0.6	30.00
JAMMU & KASHMIR	1.1	20.8	1.4	20.29	1.6	20.25
KARNATAKA	21.7	31.7	22.9	29.47	22.9	27.46
KERALA	9.1	22.4	10.2	22.76	12.7	26.51
MADHYA PRADESH	33.0	38.0	37.1	38.60	42.7	43.44
MAHARASHTRA	58.9	32.4	27.3	13.97	57.3	24.03
ORISSA	7.5	39.1	11.5	50.88	11.1	49.11
PUNJAB	29.7	58.8	36.8	62.58	40.7	73.86
RAJASTHAN	15.6	63.9	11.3	38.83	13.4	136.52
TAMIL NADU	7.3	8.7	6.6	6.98	6.4	6.02
UTTAR PRADESH	40.9	47.8	50.2	47.45	63.1	54.68
WEST BENGAL	14.1	68.4	10.3	48.5	6.4	30.05
TOTAL	319.3	35.9	310.3	30.9	375.6	32.39

SOURCE: REVIEW OF THE COOPERATIVE MOVEMENT IN INDIA 1972-74,
Reserve Bank of India, Bombay, Table 34, p.84.

NOTE: * IN RUPEES CRORES.

In 1970-71, the number of states having overdues above the national average of 41% increased to 11 with one state having an overdue equal to the national average (Punjab 41%). The number of states with over 50% overdues increased to six. They were Assam 79%, Bihar 63%, J & K 60%, Orissa 66%, U.P. 53%, West Bengal - 71%. In 1972 there were 12 states with overdues above the national averages; of them 8 had figures of over 50% (this includes A.P (52%) Assam 81%, Bihar 62%, Haryana 52% (1), J & K 55%, Orissa 58%, Rajasthan 63% a sudden jump of over the previous year U.P. 51% West Bengal 79%. In 1973, there were now 14 states with figures of overdues much higher than the national average of 38%, of which 7 had figures of over 50%. They were A.P. 56%, Assam 81%, Bihar 56%, J & K 55%, Manipur 75%, Orissa 64% West Bengal 62%. In 1973-74 there was a slight reduction in the number of states having overdues much higher than the national average. They were in all 11 states of a total 21 including Union Territories; of these 11, 9 had figures of over 50%. They were Assam 81%, Bihar 56% J & K 55%, M.P. 53% (!), Manipur 82%, Orissa 68%, Punjab 58% (!) Tripura 67% (!), U.P. 55%(!), West Bengal had reduced drastically from the previous years percentage of 62% to 42%. Rajasthan kept on improving its performance and had figure of 38%. Surprises of higher overdues were M.P and especially Punjab. U.P. sometimes had over 50% and sometimes less. Gujarat was the only state which consistently had a figure of overdues between 20% and 25%. Himachal Pradesh

and Tamilnadu were next to Gujarat in terms of having low percentages generally (around 25%) although H.P. has a figure of 34% for year ending 1973-74. Such low figures are even then of a high nature. The situation at the level of State and Central Cooperative Banks is as grim as that of the primary credit societies (See Table-5)

Much has been made of the progress of cooperatives in terms of not only increase in the number of societies, membership, share capital, the loans advanced. In terms of figures they do show an increase like Table 6 (Progress of Cooperative Credit Societies during three Five Year Plan periods and from 1968-69 to 1973-74). These figures are taken from Reserve Bank publications and as the title itself suggest show "progress" of cooperatives. Authors like Mathur (1971: Ch. 27) do echo this point of view. P.R Dubashi (1971:175-188) also praises this 'progress'- but hasten to qualify this remark by stating that "the expectations of meeting the needs of agriculture credit from cooperative structure have not been entirely fulfilled". Dubashi's mild qualification is not surprising. The situation is grim if not worse.

The Reserve Bank of India in its "Statistical Statements Relating to Cooperative Movement in India" started publishing from 1970, data regarding loans issued by primary credit societies

TABLE-6

Source:

STATISTICAL STATEMENTS RELATING TO THE COOPERATIVE MOVEMENT IN INDIA 1973-74, RESERVE BANK OF INDIA, 1976
From Part I Page I Abstract Table I.

Progress of Cooperative Credit Societies during Three Five Year Plan Periods and from 1968-9, 1969-70, 1970-1, 1971-2, 1972-3, and 1973-74.

* Position before commencement of 1st Five Year Plans. R: Revised Figures ** Includes grain banks & primary land development banks.

	1950-51*	End of			1968-9	1969-70	1970-1	1971-2	1972-3	1973
		First Plan 1955-56	Second Plan 1960-61	Third Plan 1965-6						
<u>NUMBER OF CREDIT SOCIETIES</u>										
State Societies	20	33	39	44	47	47	47	48	48	47
Central Societies	505	478	390	371	368	364	365	365	368	349
Primary Agricultural Societies**	1,15,748	1,68,410	2,22,004	2,00,148	1,74,480	1,68,582	1,66,702	1,63,768R	1,60,995	1,60,138
Primary Non-Agricultural Societies	7,810	10,003	11,995	13,449	14,435	14,435	14,816	15,346	16,091	17,536
TOTAL	1,24,083	1,78,924	2,34,428	2,14,012	1,89,330	1,83,809	182,460	180272R	178182	178070
<u>NUMBER OF MEMBERS (in thousands)</u>										
State Societies	31	1,27	2,16	4,26	11,93	12,51	14,63	17,13	26,30	29,68
Central Societies	2,07	3,00	3,88	3,81	3,64	3,34	3,33	3,29R	3,29	6,86
Primary Agricultural Societies	53,69	88,35	1,89,59	2,83,14	3,27,46	3,34,91	3,50,47	3,65,20	3,79,70	3,96,82
Primary Non-Agricultural Societies	21,78	30,73	45,73	64,84	78,88	79,42	84,89	89,48R	94,91	1,23,32
TOTAL	77,85	1,23,35	2,41,36	3,56,05	4,21,91	4,30,18	4,53,32	4,75,10R	5,04,20	5,56,68

Continued.....

TABLE-6(Contd.)

From Part I, Page 1, Abstract Table I

*Position before the commencement
of Ist Five Year Plan

	1950-51*	End of			1968-9	1969-70	1970-1	1971-2	1972-3	1973-4
		Ist Plan 1955-56	2nd Plan 1960-61	3rd Plan 1965-66						
WORKING CAPITAL (ALL CREDIT SOCIETIES) (in lakhs of rupees)										
Share Capital	26,97	51,14	1,55,61	3,09,05	4,60,05	5,18,46	5,88,72	6,51,35R	72109	79793
Reserve & other funds	21,77	33,53	52,03	1,04,44	1,67,34	1,88,43	2,23,25	2,56,46R	29238	32971
Deposits	99,38	1,52,18	2,95,85	6,05,20	8,71,97	9,54,41	11,15,04	12,90,48	159200	181018
Other borrowings	54,76	1,15,29	5,26,17	11,35,30	18,94,37	22,71,24	25,90,50	285496R	312185	340800
Other liabilities & balance of profits	NA	NA	66,94	1,82,85	2,82,29	3,18,17	3,51,08	40968R	44482R	51947
TOTAL	NA	NA	10,96,60	23,36,84	36,76,02	42,50,71	48,68,59	546293R	627214R	686509

Loan Transactions of Primary Credit Societies (in lakhs of rupees)

Loans advanced during the year	71,48	1,23,98	3,42,32	6,55,95	9,42,89	10,63,68	11,63,08	129339R	149629	163819
Loans repaid during the year	58,85	1,04,80	2,85,70	5,40,69	7,81,73	8,98,88	10,06,88	117768	132002	157516
Loans outstanding	75,90	1,32,31	3,61,80	7,70,28	11,78,56	13,77,04	15,79,56	176976R	187816	204553
Loans overdue	9,78(12.88%)	21,60(16.32%)	54,60 (15.09%)	1,44,37 (18.74%)	2,41,67 (20.50%)	2,98,89 (21.70%)	3,63,74 (23.02%)	42015R (23.74%)	41501 (22.09%)	49525 (24%)

Primary Agricultural Credit Society - average per society (amounts in thousands of rupees)

Membership	45	49	80	136	173	183	193	203	217	227
Share Capital	1	1	3	6	10	12	13	14	16	18
Deposits	-	-	1	2	3	4	4	5	5	6
Loans outstanding	2	3	10	18	30	44	49	55	63	69

according to the size of ownership holdings. (See Tables 7 & 8). Figures for the years 1969-70 and 1973-74 (the years for which information are available) show how cooperative credit has favoured the land owner to the non-landowner (tenant and agricultural labourers and others); and amongst the landowners the richer to the smaller. In 1969-70, the tenants, agricultural labourers and others got only 5.87% of the loans distributed (break-up for which is available) as compared to 94.13% given to those having land. In 1973-74 this figure had increased to Rs.31,22,92,000/- as compared to Rs.23,67,85,000/- of 1969-70. But in real terms the percentage of the total distributed to the non-land owning classes had reduced. It was just 4.95% of the total loans distributed (break-up of which is available). Thus over the years the non-landowning classes have been discriminated. This clearly indicates that the cooperative credit societies had failed in their attempt to serve the 'weaker' sections of society ! Six States (Bihar, Haryana, Kerala, Punjab, Manipur, Himachal Pradesh, and Pondicherry) have distributed at least 10% to the non-land owning classes. Of these states in Kerala the figure declined from around 19% in 1969-70 to 11.9% in 1973-74; Punjab from 15% in 1969-70 to 13.5% in 1973-74. The only state which showed a high percentage, as much as 8 times the national average, was Manipur 36.8% in

TABLE-7

SOURCE: STATISTICAL STATEMENTS RELATING TO THE COOPERATIVE MOVEMENT IN INDIA RBI 1971 -1969-70
Part I, Table 27, Page 104. Primary Agricultural Credit Societies - Classification of Loans Issued during 1969-70 - According to size of ownership holding

Amount in thousands of rupees

State/Union Territory	: Total : 2 to 6 : and 7 : 1	Ownership holdings					: Total :(8+9+10) : 7	: Tenant : Cultivators : 8	: Agricul- : tural : labourers : 9	: Others : 10
		: Upto 1 : hectare : 2	: 1-2 : hectares : 3	: 2-4 : hectares : 4	: 4-8 : hectares : 5	: Above 8 : hectares : 6				
Andhra Pradesh	265181	42993	55638	67696	50925	29661	18268	6031	3164	9073
Assam	17696	2600	4497	5990	4604	-	5	3	2	-
Bihar	116500	NA	NA	NA	NA	NA	NA	NA	NA	NA
Gujarat	654854*	33592	74497	159881	193579	188799	4506	1326	1772	1408
Haryana	150097	12157	19520	50867	28513	17923	21117	11910	8015	1192
Himachal Pradesh	39853	10329	14473	7903	2231	714	4203	2024	594	1585
Jammu & Kashmir	18165**	NA	NA	NA	NA	NA	NA	NA	NA	NA
Kerala	257429***	117145	43423	21804	20254	5436	49366	30748	13927	4691
Madhya Pradesh	464808	NA	NA	NA	NA	NA	NA	NA	NA	NA
Maharashtra	1037429	77234	133896	189675	285125	317738	33761	32699	225	847
Mysore	309622	NA	NA	NA	NA	NA	NA	NA	NA	NA
Orissa	94852	NA	NA	NA	NA	NA	NA	NA	NA	NA
Punjab	527567	49713	89950	86079	146291	76388	79146	56351	16389	6406

* Excludes an amount of Rs.129741000 break up of which is not available.

** Excludes advances under cash credits

*** Excludes an amount of Rs.455000 advanced by Harijan societies.

Continued....

5

3

TABLE-7 (Continued)

~~Table 27 Page 104 Part I 1969-70~~

State/Union Territory	1	2	3	4	5	6	7	8	9	10
Rajasthan	138540	NA	NA	NA	NA	NA	NA	NA	NA	NA
Tamil Nadu	448311	44630	70166	183807	95228	35614	18866	13422	3443	2001
Uttar Pradesh	620539	40802	165133	211226	146548	56830	-	-	-	-
West Bengal	93991	NA	NA	NA	NA	NA	NA	NA	NA	NA
Andaman & Nicobar Islands	209	NA	NA	NA	NA	NA	NA	NA	NA	NA
Delhi	5434	-	-	-	-	-	5434	-	-	5434
Goa, Daman & Diu	1521	-	-	-	-	-	1521	1521	-	-
Laccadives	65	65	-	-	-	-	-	-	-	-
Manipur	611	25	211	110	-	-	225	215	-	10
Pondicherry	5722	1936	1309	1045	988	77	367	367	-	-
Tripura	1870	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total 1969-70	5270866 ^a	433222	672753	986083	974286	729180	236785	156617	47531	32637

a. Break up in respect of Rs.123,85,57000 is not available.

- This indicates Nil or negligible.

NA is not available.

TABLE-8

SOURCE: STATISTICAL STATEMENTS RELATING TO THE COOPERATIVE MOVEMENT IN INDIA RBI 1976 Parts I & II Part I - Credit Societies; Table 27, Page 130, 1973-74

Primary Agricultural Credit Societies - Classification of Loans and advances issued during 1973-74 according to the size of ownership holdings.

Amount in '000 Rupees

State/Union Territory	: Total : (2 to 6 and 7)	Ownership Holdings					:Total :8+9+10	;Tenant ;culti- ;vators	:Agricul- :tural :labourers:	: Others
		: Upto 1 : hectare	: 1-2 : hectares	: 2-4 : hectares	: 4-8 : hectares	: Above 8 : hectares				
	: 1	: 2	: 3	: 4	: 5	: 6	: 7	: 8	: 9	: 10
Andhra Pradesh	315017	42172	58256	88377	67215	44825	14172	6934	5636	1602
Assam**	12076	2842	7359	1695	167	-	13	9	4	-
Bihar***	152928	45994	28442	21668	22265	1754	32805	15705	12208	4892
Gujarat	1272477	NA	NA	NA	NA	NA	NA	NA	NA	NA
Haryana	298369	21512	64316	83947	60045	16618	51931	42078	6713	3140
Himachal Pradesh	51657	15013	13142	8646	4787	3309	6760	4559	837	1364
Jammu & Kashmir.	21544ç	NA	NA	NA	NA	NA	NA	NA	NA	NA
Karnataka	507690	55736	130054	133938	101622	67846	18494	14954	2087	1453
Kerala**	409099	131329	101730	65805	46049	14948	48864	25609	16282	6969
Madhya Pradesh	556208	14446	50553	120084	181649	188010	1466	460	1006	-
Maharashtra	1365387	109895	196767	312092	394527	333901	18205	7877	4483	5845
Manipur	2749	698	987	†	-	-	1064	828	176	60
Nagaland †	77	12	35	30	-	-	-	-	-	-
Orissa	134061	22807	36715	43504	21399	9435	201	177	24	-

** Data relate to 1971-72 *** Data relate to 1972-73 † Data relate to 1970-71

ç Includes gross advances under cash credits and overdrafts.

Continued....

TABLE-8 (Continued) (~~from Part I Page 430~~)

Amount in '000 Rupees

£ Data in respect of Meghalaya is not available

	1	2	3	4	5	6	7	8	9	10
Punjab	589610	46414	77147	154303	141273	90385	80088	55592	23391	1105
Rajasthan	254947	21672	54863	77206	61612	39016	578	499	79	-
Tamil Nadu***	779940	20442	172978	302742	204117	45954	33707	26833	3431	3443
Tripura	3104	1053	1082	632	293	29	15	12	-	3
Uttar Pradesh	726892	64030	212513	288201	122007	40141	-	-	-	-
West Bengal	144601	1460	34898	56049	34735	17389	70	70	-	-
Andaman & Nicobar Islands**	315	NA	NA	NA	NA	NA	NA	NA	NA	NA
Chandigarh***	145	24	22	57	26	16	-	-	-	-
Dadra & Nagar Haveli	190	NA	NA	NA	NA	NA	NA	NA	NA	NA
Delhi**	7642	NA	NA	NA	NA	NA	NA	NA	NA	NA
Goa, Daman & Diu	2777	-	-	-	-	-	2777	2777	-	-
Lakshwadeep	316	266	-	-	-	-	50	-	-	-
Mizoram	20	NA	NA	NA	NA	NA	NA	NA	NA	NA
Pondicherry	6830	1586	1318	1704	894	296	1032	1032	-	-
TOTAL 1973-74£	7616668	619403	1243177	1760680	1464682	913872	312292	206005	76361	29926
1972-73£	7760729	718455	1443590	1971911	1830650	1275935	280066	163048	89719	27299

Break up of Gujarat 1272477; Jammu & Kashmir 21544; Kerala 374; Andaman & Nicobar Islands 315; Dadra & Nagar Haveli 190; Delhi 7642; and Mizoram 20; is not available. Total 1302562 (Figures in '000).

1969-70 and 38.6% in 1973-74. Most other states had either no data available or the figures were too minute !

Amongst those who owned land, those who held more got the better off than those who hold less. The All-India figure of loans for those in the upto 1 hectare category for 1969-70, was just 10.74%; which was reduced to 9.81% in 1973-74 ! Those having above 1 hectare but below 2 hectares got a higher proportion (16.68%) while those having land above 2 hectares but below 4 hectares got still higher proportion (24.46%). In fact those having land above 2 hectares but below 4 hectares and those having land above 4 hectares but below 8 hectares got nearly the same amount. The amount received by those in the above 8 hectares was 18%; which was reduced to 14.5% in 1973-74.

Thus 66.7% of the loans went to those having above 2 hectares of land in 1969-70. There was no appreciable change in 1973-74 figures for which was 65.6%. The bulk of the loans had gone to those in the 2-4 and 4-8 hectares. In 1969-70 the figures for the two categories combined was 48.6% which increased in 1973-74 to 51.17% !

The figures statewise indicate unevenness. Only 4 States (Andhra Pradesh, Assam, Himachal Pradesh, Kerala) and one Union Territory, having distributed over 10% of the loans to the 'marginals'. Andhra Pradesh had distributed 16.21% in 1969-70 whi

in 1973-74 was reduced to 13.4%. In fact in A.P the shift has been in favour of the rich, those having above 2 hectares increasing their share to 63.6% in 1973-74 from 55.9%. Assam, Himachal Pradesh, are the only states which have increased their proportion for the marginals (although Assam has just distributed 0.02% in 1969-70 and 0.10% in 1973-74 for the non-land-owning classes).

Kerala which has had Communist rule and of which much was expected has an interesting picture. Although it has distributed higher shares, when compared to the other states, to the marginal and non-land owning classes, the trend is one of decline. In 1969-70 the marginal (up to 1 hectare) category got 45.5% of the loans but in 1973-74 it was reduced to 32.17%. As for the non-land owning classes, their figure diminished from 19.17% in 1969-70 to 11.9% in 1973-74. In fact the trend between 1969-70 1973-74 was in favour of the rich. In 1969-70, those in the above 2 hectares categories got a combined 18.43%. But in 1973-74 the share increased to nearly 31%. The share of non-landowning classes and the marginal (upto 1 hectare) decreased appreciably from 64.7% to 44% - a decline of over 20%. Maharashtra - which is supposed to have a 'sound' cooperative network, the emerging picture is grim. Those having 4 hectares and above had cornered over 50% of the loans. The respective figures for 1969-70 and 1973-74 being 58.1% and 53.3%. Those having above 2 hectares had taken

76.4% in 1969-70 and 76.2% in 1973-74. On the other hand the marginals and the non-land owning classes share declined from 10.6% to 9.4%. The non-landowning classes got in 1973-74 only 1.3 per cent of the loans that were distributed. In West Bengal the picture is still worse. The non-land owning classes got just 0.04% in 1973-74 while the marginals got 1.0% ! The picture of the then DMK ruled Tamilnadu is no better. In 1969-70, 70.1% of the loans went to those having above 2 hectares; in 1973-74 the figure increased to 70.9%. While the proportion for the marginals and the non-landowning classes declining from 14.15 to 13.94%. The share of the non-landowning classes was less than 5%.

The trend that emerged from the statistics for the period 1969-70 and 1973-74 indicates that the rich still get the lions share of the loans distributed by the cooperatives. Thus whatever changes have taken place - the shift has been within the landowning classes itself. The share of the very rich (above 8 hectares) if they may be so called, has been reduced slightly to the gain of the 'rich (above 2 hectares).

The 'poor' including agricultural labourers and tenants, did not get any benefit and continued to be discriminated. Those in the marginal category of having land less than 1 hectare found themselves no better. Having a little land was as good as having no land at least in terms of getting loans from cooperatives.

DORMANT COOPERATIVES SOCIETIES

The Cooperative picture becomes gloomy when we delve into the statistics available for societies that were actually functioning. From 1968 (the time from which the data is available) till present- the proportion of dormant societies to total has been only fluctuating between 13% on 30th June, 1968 to 11.7% in June, 1970; it then increased again to 13.27% as on 30 June, 1972 and then declined to 11.77% as on 30th June, 1974. In 1968 there were 8 states (of a total of 17) which had figures above the all India average while in 1970 there were 10 states (including Union Territories) of a total of 19 which had figures above all India average; and in 1972, 8 States (including Union Territories) which had figures above all-India average; while in 1974 there were 10 states (including Union Territories) of a total of 21 which had figures above all-India average (See Table 9). The graph (Fig. ONE) shows the trend in selected states. The interesting picture is of states like Rajasthan, West Bengal, Tamil Nadu- which have not only higher percentage of dormant societies, but also show high degree of sudden increases and sudden falls. But all these states showed a negative trend or a trend to decrease their percentage of dormancy. Andhra Pradesh is the only state, along with that of Assam which has a continuous increase in the proportion of dormant societies. The figures in other states - Kerala, Gujarat, Haryana, Maharashtra, Punjab, J & K, decrease and rise or rise and fall. Kerala in 1968

TABLE-9 : PRIMARY CREDIT SOCIETIES - DORMANT

STATES	As on 30 June 1968 ¹			As on 30 June 1970 ²			As on 30 June 1972 ³			As on 30 June 1974 ⁴		
	No. of socie- ties	Of which :Dormant	% of :dorm- :ant :to total	No. of socie- ties	Of which :dormant	% of :dormant :to :total	No. of socie- ties	Of which :dormant	% of :dormant :to :total	No. of socie- ties	Of : which : dor- : mant	% of :dormant : to : total
ANDHRA PRADESH	15329	2282	15	14916	2412	16.1	15054	2850	18.93	14877	3111	20.91
ASSAM	3642	2173	60	3245	2249	69.3	3069	2307	75.17	3069 ^y	2307 ^y	75.17 ^y
BIHAR	16500	1538	9	16500	549	3.3	16500	870	5.27	16500	930	5.64
GUJARAT	8764	553	6	8531	513	6.0	8293	665	8.01	8419	621	7.38
HARYANA	6225	323	5	6178	176	2.8	6244	130	2.08	6266	260	4.15
HIMACHAL PRADESH	..	..	..	2557	86	3.4	2537	108	4.25	2490	143	5.74
JAMMU & KASHMIR	1059	117	11	1104	130	11.8	1084*	69*	6.36*	1084	69	6.37
KARNATAKA/MYSORE	8991	1411	16	8722	1479	17.0	8474	1337	15.77	8309	896	10.78
KERALA	2256	375	17	2160	297	13.8	2084	255	12.23	2049	247	12.05
MADHYA PRADESH	10088	277	2	9986	333	3.3	9875	147	1.48	9812	164	1.67
MAHARASHTRA	20106	469	2	20091	362	1.8	19973	257	1.29	19975	269	1.35
MANIPUR	..	..	..	..	..	..	..	..	..	607	158	26.03
MIZORAM	..	..	..	28	3	10.7	16*	1*	6.25*	16*	1*	6.25*
ORISSA	3979	886	22	3833	669	17.5	3476	504	14.49	3342	289	8.65
PUNJAB	10460	148	1	10358	85	0.8	10176	77	0.08	10192	175	1.71
RAJASTHAN	11460	3158	28	8042	1976	24.6	7727	3786	48.99	7740	2236	28.89
TAMIL NADU	8412	2062	25	6609	933	14.1	5562	921	16.55	5301	744	14.04
TRIPURA	..	..	..	..	..	..	..	..	..	430	138	32.09
UTTAR PRADESH	27704	2013	7	26573	2653	10.0	24559	2756	11.22	23002	3297	14.33
WEST BENGAL	12845	4486	35	11830	3719	31.4	11118	3466	31.17	9611	1955	20.34
INDIAN TERRITORIES	3955	490	12	1437	377	26.2	1633	388	23.75	717	91	12.69
ALL INDIA	171804	22714	13	162700	19001	11.7	157454	20894	13.27	153808	18101	11.77

Note: * Data relate to 1971. The figures are as on 30 June 1971. y. Data relate to 1972. The figures are as on 30 June 1972.

- . Taken from: Table 36, Ch.IV(p.77), Review of the Cooperative Movement in India 1966-68, RBI; Bombay 1970.
- . Taken from: Table 35, Ch.V(p.67), Review of the Cooperative Movement in India 1968-70, RBI; Bombay 1972.
- . Taken from: Table 39, Review of the Cooperative Movement in India 1970-72, RBI, Bombay 1974.
- . Taken from: Table 42 (p.97), Review of the Cooperative Movement in India 1972-74; RBI, Bombay 1976.

Note: The data is available from the year 1968 only. No such data has been published in earlier Reviews. 11

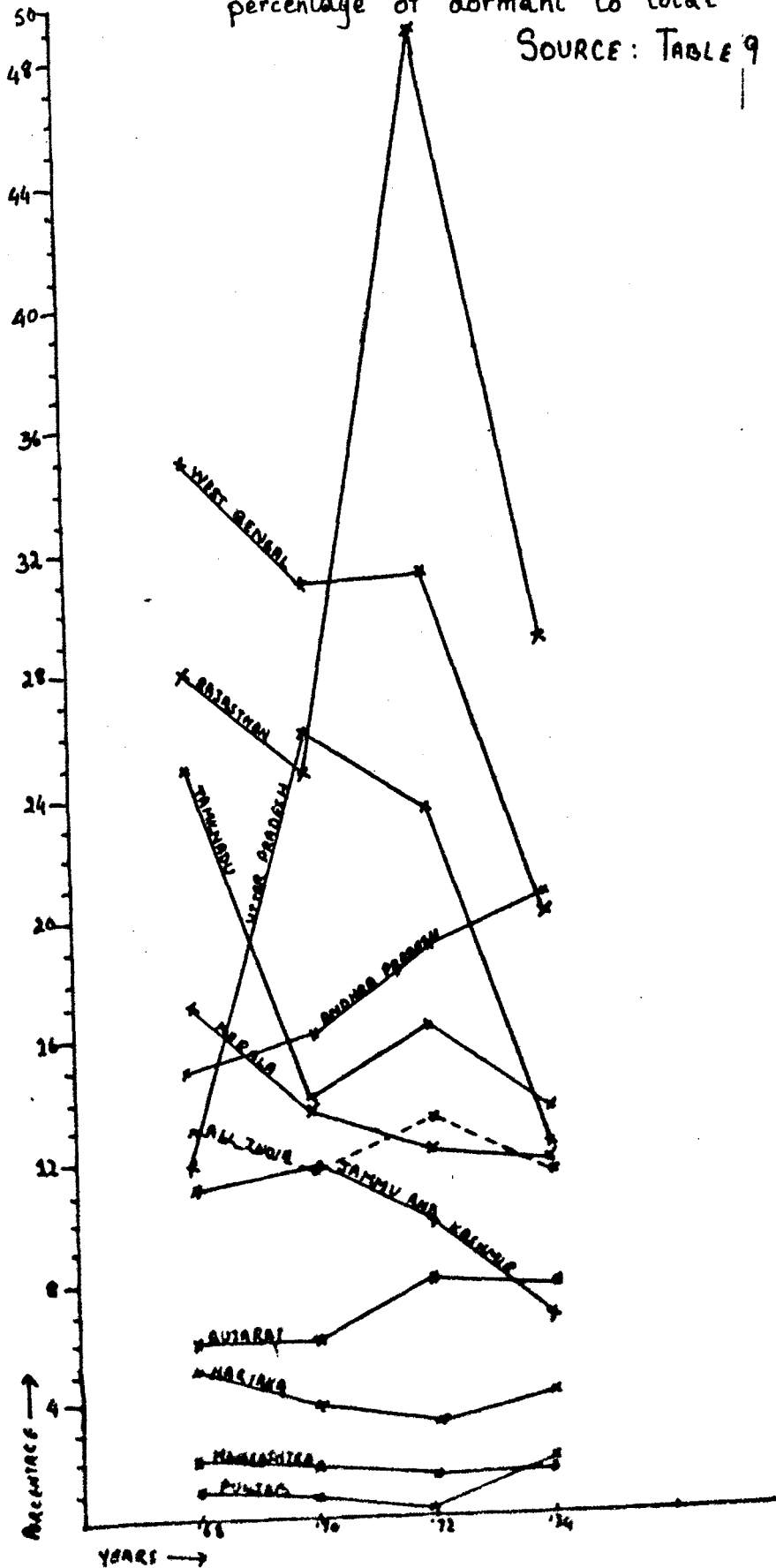
FIG-1

DORMANT PRIMARY CREDIT SOCIETIES

(SELECTED STATES)

percentage of dormant to total

SOURCE: TABLE 9



had a percentage higher than the national average but in 1972 lower; ending up in 1974 with a percentage slightly higher than the national average. The vast unevenness in the development and strength of cooperatives between various states is clearly brought by this graph. As for the all-India picture it seems that there is fluctuation between 11% to 13%. Why do these fluctuations occur between 11% to 13%? Why do these fluctuations take place? And why is there such unevenness between the States? An adequate explanation has not been given by any writer. Most people have just referred to it.

When we consider the situation of industrial cooperatives (Table 10 and 11) the picture becomes all the more clear. Here the proportion of dormant societies is not only high but also shows a tendency to increase over a period of time the all-India percentage increased from 44.2% in 1966 to 48.28% in 1968 (See Figures 2 for a graphic presentation). It then increased to 55.67% in 1970 and it seemed to taper off at 56.60% in 1972 and at 56.43% in 1974. But this clearly brings out that over half the societies were dormant since 1970. And the proportion of members belonging to dormant societies also increased from 26.88% in 1966 to 32.49% in 1968 and then to 38.67% in 1970: it then tapers off, the figures for 1972 being 38.99% and for 1974, 38.67%. Amongst the states, Uttar Pradesh and Assam have high percentage of dormant societies. Assam seems to be keeping up with the performance in

TABLE-10 : PRIMARY INDUSTRIAL COOPERATIVES - DORMANT(STATEWISE) IN (PERCENTAGES)

STATES	As on 30 June 1968		As on 30 June 1970		As on 30 June 1972		As on 30 June 1974	
	Societies*	Membership**	Societies*	Membership**	Societies*	Membership**	Societies*	Membership**
ANDHRA PRADESH	56.61	55.67	69.55	66.48	69.92	68.55	66.64	67.42
ASSAM	80.98	63.84	82.87	72.44	88.80	77.41	88.80r	77.41r
BIBAR	12.53x	4.46x	38.09	28.74	47.26	29.34	50.48s	37.84s
GUJARAT	46.92	30.66	47.38	28.39	45.83	28.78	44.21s	27.91s
HARYANA	32.06	25.20	31.46	28.78	26.20	29.33	28.60	29.96
HIMACHAL PRADESH	36.61	29.52	47.32	34.14	49.18	33.21	44.63s	27.75s
JAMMU & KASHMIR	24.18	25.27	31.03	20.93	31.03p	20.93p	18.75s	12.18s
KARNATAKA/MYSORE	46.01	15.82	54.88	26.27	66.36	25.72	64.94	27.31
KERALA	51.78+	38.65+	53.54	39.35	49.72	37.04	47.51	33.26
MADHYA PRADESH	74.72	66.29	80.33	75.57	75.86	65.86	78.33	67.33
MAHARASHTRA	45.85	31.82	47.21	31.26	49.01	32.81	40.39	18.50
MANIPUR	40.44	35.00	37.01z	33.08z	37.01z	33.08z	37.01z	33.08z
NAGALAND	55.55x	25.00x	55.55y	25.00y	..	..	..	..
ORISSA	41.49	28.25	40.51	29.44	37.95	31.59	46.22	45.14
PUNJAB	37.11	32.49	37.44	35.84	36.59	35.33	36.59r	35.33r
RAJASTHAN	84.33	79.86	89.71	85.24	91.52	86.59	93.57	89.73
TAMIL NADU	17.19x	10.52x	25.19	18.62	24.90q	18.08q	24.90q	18.08q
TRIPURA	53.84	44.28	60.38	54.83	67.31	59.63	70.69	67.79
UTTAR PRADESH	83.21x	75.04x	83.54	75.26	86.52	80.90	85.42	81.56
WEST BENGAL	52.12	39.18	65.87	48.36	68.65	50.18	64.64	49.76
UNION TERRITORIES	26.46m	14.42m	28.40m	28.09m	36.34n	36.42n	40.00e	31.21e
ALL INDIA	48.29	32.49	55.67	38.68	56.62L	38.99L	56.43u	38.66u

Note: All figures are in percentages.

* Dormant societies to total societies.

** Membership of dormant societies to total membership. x. Data relate to 1966-7 + excludes coir cooperatives.

m. excludes Andaman & Nicobar Islands. y. Data relate to 1967-8. z. Data relate to 1968-9.

p. Data relate to 1969-70. q. Data relate to 1970-71. n. Excludes Chandigarh. L. excludes Meghalaya and Chandigarh.

r. Data relate to 1971-2. s. Data relate to 1972-3 e. Excludes Mizoram and Andamans & Nicobar Islands.

u. Excludes Meghalaya, Mizoram, Andaman and Nicobar Islands. .. Not available.

(Contd.)

TABLE-10 (Contd.)

PRIMARY INDUSTRIAL COOPERATIVES ACTIVE AND DORMANT (STATEWISE)

STATES	As on 30 June 1968 (a)						As on 30 June 1970 (b)					
	No. of Societies			Membership			No. of Societies			Membership		
	Total	Active	Dormant	Total	Active	Dormant	Total	Active	Dormant	Total	Active	Dormant
ANDHRA PRADESH	4907	2129	2778	218117	96678	121439	4842	1474	3368	201777	67619	134158
ASSAM	547	104	443	15165	5483	9682	578	99	479	16333	4501	11832
BIHAR	3510x	3070x	440x	87397x	83500x	3897x	3567	2208	1359	119724	85309	34415
GUJARAT	829	440	389	43760	30339	12421	745	392	353	44034	31532	12502
HARYANA	1725	1172	553	25761	19269	6492	1847	1266	581	30462	21694	8768
HIMACHAL PRADESH	437	277	160	10073	7099	2974	317	167	150	8181	5388	2793
JAMMU & KASHMIR	153	116	37	2742	2049	693	319	220	99	8299	6562	1737
KARNATAKA/MYSORE	1854	1001	853	265276	223295	41981	1844	832	1012	279170	205826	73344
KERALA	2041+	984+	1057+	161717+	99206+	62511+	2648	1230	1418	311672	189027	122645
MADHYA PRADESH	1859	470	1389	43389	14626	28763	1195	235	960	30706	7501	23205
MAHARASHTRA	1943	1052	891	84656	57720	26936	1813	957	856	81284	55870	25414
MANIPUR	272	162	110	7925	5151	2774	281z	177z	104z	7938z	5312z	2626z
NAGALAND	9x	4x	5x	120x	90x	30x	9y	4y	5y	120y	90y	30y
ORISSA	1198	701	497	54328	38976	15352	1249	743	506	61651	43496	18155
PUNJAB	3158	1986	1172	47536	32088	15448	2973	1860	1113	40481	25971	14510
RAJASTHAN	2330	365	1965	51297	10329	40968	2137	220	1917	42984	6343	36641
TAMIL NADU	2606x	2158x	448x	275693x	246666x	29027x	2719	2034	685	316229	257321	58908
TRIPURA	52	24	28	1529	852	677	53	21	32	1574	711	863
UTTAR PRADESH	2972x	499x	2473x	70156x	17506x	52650x	4229	696	3533	93265	23069	70196
WEST BENGAL	1128	540	588	42548	25876	16672	1096	374	722	39788	20545	19243
UNION TERRITORIES	393m	289m	104m	10849m	9284m	1565m	250m	179m	71m	6247m	4492m	1755m
ALL INDIA	33923	17543	16380	1520034	1026082	493952	34711	15388	19323	1741919	1068179	673740

SOURCES: (a) Review of the Cooperative Movement in India 1966-68, R.B.I. Bombay, 1970, Table 78, p.156.
 (b) Review of the Cooperative Movement in India 1968-70, R.B.I. Bombay, 1972, Table 88, p. 158.

NOTE: x. Data relate to 1966-67. + Excludes coir cooperatives. m. Excludes Andaman & Nicobar Islands.
 y. Data relate to 1967-68. z. Data relate to 1968-69.

Continued.....

TABLE-10 (Contd.)

PRIMARY INDUSTRIAL COOPERATIVES - ACTIVE AND DORMANT (STATEWISE)

STATES	As on 30 June 1972 ^c						As on 30 June 1974 ^d					
	No. of Societies			Membership			No. of Societies			Membership		
	Total	Active	Dormant	Total	Active	Dormant	Total	Active	Dormant	Total	Active	Dormant
ANDHRA PRADESH	4685	1409	3276	204327	63640	140682	5130	1711	3419	217870	70972	146898
ASSAM	563	63	500	17440	3939	13501	563r	63r	500r	17440r	3939r	13501r
BIHAR	3565	1880	1685	120635	85234	35401	3758s	1861s	1897s	127352s	79157s	48195s
GUJARAT	648	351	297	42288	30118	12170	692s	386s	306s	46405s	33451s	12954s
HARYANA	2065	1524	541	32511	229973	9538	2339	1670	669	32417	22704	9713
HIMACHAL PRADESH	305	155	150	7817	5221	2596	298s	165s	133s	7888s	5699s	2189s
JAMMU & KASHMIR	319p	220p	99p	8299p	6562p	1737p	64s	52s	12s	4785s	4202s	583s
KARNATAKA/MYSORE	1831	616	1215	286004	212434	73570	1817	637	1180	295943	215107	80836
KERALA	1438	723	715	196062	123428	72634	1326	696	630	192233	128280	63953
MADHYA PRADESH	870	210	660	24562	8386	16176	743	161	582	24044	7854	16190
MAHARASHTRA	1616	824	792	79353	53310	26043	1743	1039	704	131783	107397	24386
MANIPUR	281z	177z	104z	7938z	5312z	2626z	281z	177z	104z	7938z	5312z	2626z
NAGALAND	..	..	..	..	..	..	..	..	..	..	..	..
ORISSA	1220	757	463	50196	34335	15861	1244	669	575	49407	27103	22304
PUNJAB	3632	2303	1329	54947	35533	19414	3632r	2303r	1329r	54947r	35533r	19414r
RAJASTHAN	1698	144	1554	36646	4913	31733	1570	101	1469	33686	3461	30225
TAMIL NADU	2678q	2011q	667q	309959q	253889q	56070q	2678q	2011q	667q	309959q	253889q	56070q
TRIPURA	52	17	35	1583	639	944	58	17	41	1695	546	1149
UTTAR PRADESH	4724	637	4087	100343	19160	81183	5124	747	4377	108220	19953	88267
WEST BENGAL	1040	326	714	43010	21424	21586	1137	402	735	38508	19347	19161
UNION TERRITORIES	322n	205n	117n	9509n	6046n	3463n	195t	117t	78t	6460t	4444t	2016t
ALL INDIA	33552L	14552L	19000L	1633424L	996496L	636928L	34392u	14985u	19407u	1708980u	1048350u	660630u

SOURCES: c. Review of the Cooperative Movement in India 1970-72, R.B.I., Bombay, 1974, Table 93, p. 168-169.

d. Review of the Cooperative Movement in India 1972-74, R.B.I., Bombay, 1976, Table 96, pp.218-219.

NOTE: p. Data relate to 1969-70. q. Data relate to 1970-71. z. Data relate to 1968-69.

n. Excludes Chandigarh. L. Excludes Meghalaya and Chandigarh. r. Data relate to 1971-72.

s. Data relate to 1972-73. t. Excludes Mizoram & Andaman & Nicobar Islands.

u. Excludes Meghalaya, Andaman & Nicobar Islands and Mizoram.

.. Not available.

TABLE-11 : PRIMARY INDUSTRIAL COOPERATIVES - DORMANT & ACTIVE SOCIETIES (INDUSTRYWISE)

Years → Type of Society ↓	: As on 30th June 1968 ^x			: As on 30th June 1968 ^y					
	: Number			: Membership of					
	Total	Active	Dormant	Total	Active	Dormant	Total	Active	Dormant
1. Flaying & Tanning	2303	1446	57698	33837	2110	1498	52580	18036	34544
2. Pottery	1322	593	44203	14086	1307	635	42754	26124	16630
3. Handpounding of paddy & cereals	1710	903	60961	24086	1553	990	57288	23317	33971
4. Oil Crushing	4463	1954	92735	33375	2996	1793	64724	30530	34194
5. Palm gur	4141	1204	363340	64378	4883	1770	408980	300443	108537
6. Cane gur and khandsari	700	395	17512	7750	699	425	21819	9157	12662
7. Canning of fruits and vegetables	24	14	1828	1150	28	18	2009	603	1406
8. Other village industries	4470	2163	189024	57603	4063	2325	186720	131113	55607
9. Handicraft industries	2790	1169	108110	31590	2292	1189	104002	62017	41985
10. General Engineering	1898	726	54830	18104	1874	679	57940	41384	16556
11. Chemical Engineering	566	393	24810	10939	558	405	25547	14007	11540
12. Leather goods	2253	1511	48443	28564	1930	1287	45316	15814	29502
13. Construction materials	1110	646	32879	15407	1075	620	34168	19209	14959
14. Sericulture	104	43	15848	1133	143	81	17367	14637	2730
15. Coir	652	173	124359	28563	113*	48*	10719*	6465*	4254*
16. Spinners' Societies	193	87	19089	6384	201	119	21162	12201	8961
17. Miscellaneous Industries	6211	2083	342329	52274	8104	2502	367352	301387	65965
TOTAL	34901	15503	1596998	429223	33929	16384	1520447	1026444	494003

* Excluding Kerala.

- SOURCES: x. Review of the Cooperative Movement in India 1964-66, RBI, Bombay 1969, Table 61; p.94.
y. Review of the Cooperative Movement in India 1966-68, RBI, Bombay, 1970, Table 79, p. 157.
z. Review of the Cooperative Movement in India 1968-70, RBI, Bombay, 1972, Table 89; p. 159. ↯
a. Review of the Cooperative Movement in India 1970-72, RBI, Bombay, 1974, Table 87; p. 154. ↯
b. Review of the Cooperative Movement in India 1972-74, RBI, Bombay, 1976, Table 90; p. 203.

TABLE-11 (Contd.)

PRIMARY INDUSTRIAL COOPERATIVES

Years ↓	As on 30th June 1970 ^z						As on 30th June 1972 ^a					
	Number		Membership		Number		Membership		Number		Membership	
Types of Society	Total	Act-ive	Dormant	Total	Act-ive	Dormant	Total	Act-ive	Dormant	Total	Act-ive	Dormant
1. Flaying & Tanning	2100		1549	50815	15334	35481	1970	1511	48350	12051	36299	
2. Pottery	1335		726	46024	26953	19071	1193	725	34971	17425	17546	
3. Handpounding of paddy & cereals	2034		1384	67929	27144	40785	1995	1335	61305	24955	36350	
4. Oil crushing	4054		2126	104774	60521	44253	3672	1944	89934	51649	38285	
5. Palm gur	5004		2561	430910	269008	161902	4528	2410	398637	256650	141987	
6. Canegur and khandsari	923		515	27927	14208	13719	995	605	29917	15003	14914	
7. Canning of fruits and vegetables	42		32	1704	628	1076	43	31	1775	613	1162	
8. Other village industries	4552		2664	229544	148339	81205	4610	2547	22190	152725	68565	
9. Handicraft industries	2493		1472	106352	61493	44859	2359	1441	106215	56404	49811	
10. General Engg.	2112		860	65211	41005	24206	2233	951	64655	37148	27507	
11. Chemical Engg.	590		436	22391	12991	9400	648	472	27241	15238	12003	
12. Leather goods	2089		1395	48387	16424	31963	1783	1265	43332	13327	30005	
13. Construction materials	1139		600	36516	19990	16526	1184	620	41171	23515	17656	
14. Sericulture	159		113	18921	14556	4365	147	110	6239	2067	4172	
15. Coir	678		270	139713	96475	43238	462	187	108714	71182	38532	
16. Spinners Societies	225		119	27645	17585	10060	127	71	16711	10392	6319	
17. Miscellaneous Industries	5188		2505	317569	22587	91682	5663	2801	333175	236915	96260	
TOTAL	34717		19327	1742332	1068541	673791	33612	19026	1634632	997259	637373	

Continued.....

TABLE-11 (Contd.)

PRIMARY INDUSTRIAL COOPERATIVES

	As on 30 June 1974						Remarks	Percentage of Dormant to total (Societies) as on 30th June					
	Number		Membership		Total	Active		Dormant	1966	1968	1970	1972	1974
	Total	Active	Dormant	Total			Active						
1. Flaying and Tanning	1889	400	1489	48051	11138	36913	Increase	1	62.79	70.99	73.76	76.70	78.82
2. Pottery	1217	456	761	36877	17833	19044	Increase	2	44.86	48.58	54.38	60.77	62.54
3. Handpounding of paddy & cereals	2064	585	1479	65025	20893	44132	Increase	3	53.09	63.75	68.04	66.92	71.66
4. Oil crushing	3528	1610	1918	88843	4993	38910		4	43.78	59.85	52.44	52.94	54.37
5. Palm gur	4803	2321	2482	397639	256098	141541	Increase	5	29.08	36.25	51.18	53.22	51.68
6. Cane gur and Khandsari	1038	437	601	33145	15287	17858		6	56.43	60.80	55.80	60.80	57.90
7. Canning of fruits & vegetables	226	18	208	1797	681	1116	Increase	7	58.33	64.29	76.19	72.09	92.03
8. Other village industries	4843	2179	2664	221072	143973	77099		8	48.39	57.22	58.52	55.25	55.01
9. Handicraft industries	2403	932	1471	104992	53312	51680	Increase	9	41.90	51.88	59.04	61.08	61.22
10. General Engg.	2303	1297	1006	74883	38562	36271	Increase	10	38.25	36.23	40.71	42.59	43.68
11. Chemical Engg.	712	181	531	31396	18610	12786	Slowly increasing	11	69.43	72.58	73.89	72.84	74.58
12. Leather goods	1714	479	1235	43293	11763	31530	Increase	12	67.07	66.68	66.78	70.95	72.05
13. Construction materials	1232	582	650	40040	22023	18017		13	58.20	57.67	52.68	52.36	52.76
14. Sericulture	200	109	91	24354	20958	3396		14	41.34	56.64	71.07	74.83	45.5
15. Coir	457	282	175	111008	83143	27865		15	26.53	42.48*	39.82	40.48	38.29
16. Spinners Societies	129	58	71	16157	10183	5968		16	45.08	59.20	52.89	55.91	55.04
17. Miscellaneous Industries	5677	3079	2590	371845	274604	97241		17	33.54	30.87	48.28	49.46	45.62
TOTAL	34435	15005	19430	1710361	1048994	661367	All India		44.42	48.28	55.67	56.60	56.43

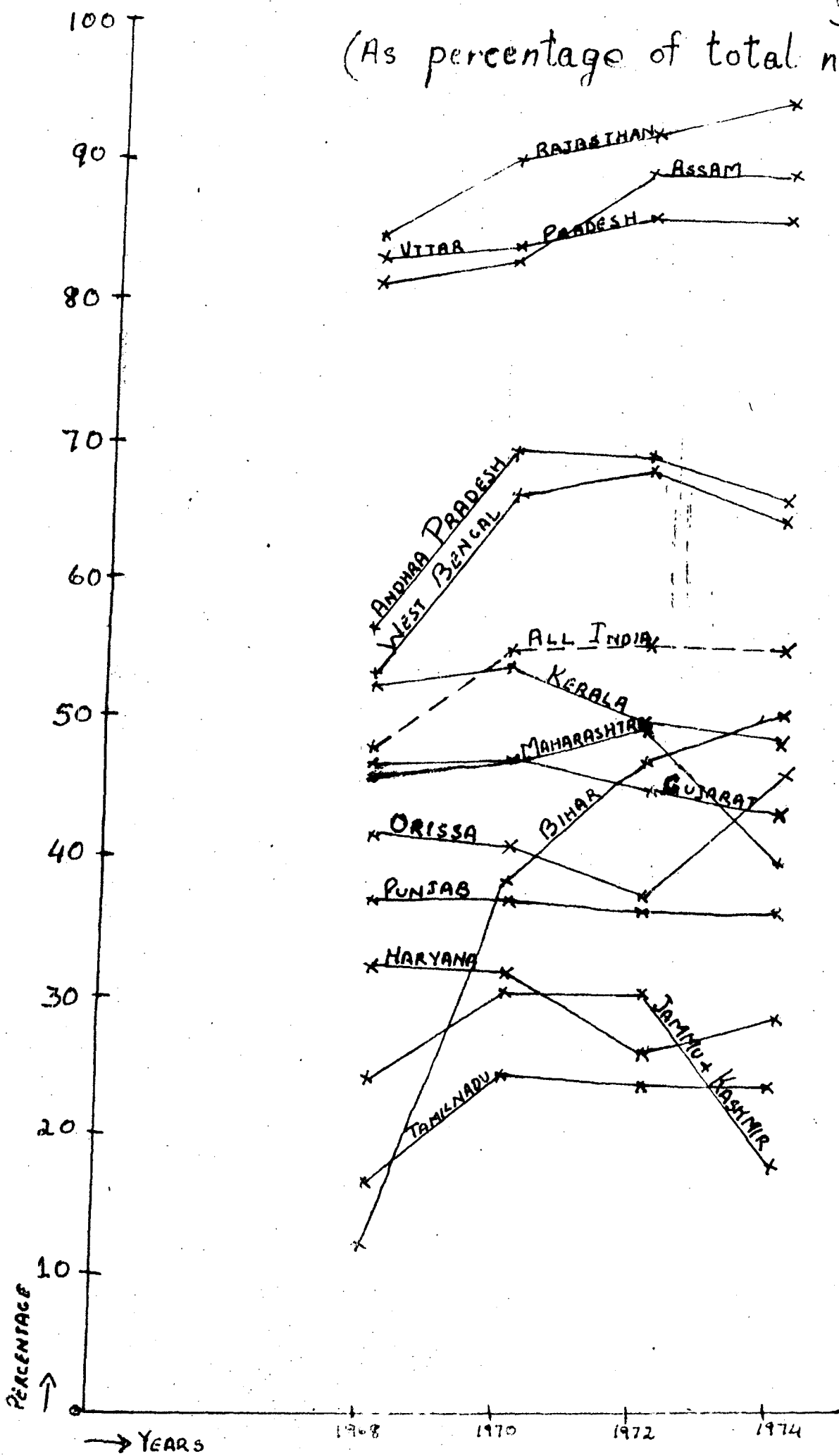
1 Excludes coir societies of Kerala.

FIG. 2

PRIMARY INDUSTRIAL COOPERATIVES - DORMAN

SELECTED STATES

(As percentage of total number of societies)



credit societies. But Uttar Pradesh which had a lower percentage for the years 1968, 1970 and 1972 for credit societies is interestingly having high degree of dormant societies : 83.21% for 1968, 83.54% for 1970; 86.52% for 1972 and 85.42% for 1974.

The northern-most and southern-most states of the Indian union, have the percentages significantly lower than the all-India average for the years concerned : Jammu and Kashmir has 24.8% of its societies dormant in 1968, this proportion increases to 31.03% for 1970 and for 1972 it is the same; and then declines to 18.75% for 1974 - the lowest figure being for the year 1974. Tamil Nadu has a low figure of 17.19% (!) for 1968, which increases to 25.19% for 1970 and then seems to taper off at 24.90% for 1972 and 1974.

Andhra Pradesh and West Bengal have over 50% of their societies dormant in all these 4 years. Andhra Pradesh has 56.61% for 1968; 69.55% for 1970, 69.92% for 1972 and 66.64% for 1974. In the case of West Bengal the corresponding figures are 52.12%, 65.87%, 68.65% and 64.64%. Haryana and Oriss have a declining trend for the years 1968-1972, but afterwards show an increase. The figures for Haryana are 32.06% for 1968, 31.46% for 1970; 26.20% for 1972, and 28.60% for 1974. In the case of Orissa they are 41.49% for 1968, 40.51% for 1970, 37.95% for 1972 and 46.22% for 1974. Maharashtra and Gujarat show an increase and then decline : for Gujarat the figures are 46.92% for 1968 47.38% for 1970, and then 45.83% for 1972 and 44.21% for 1974.

In the case of Maharashtra the corresponding figures are 45.85%, 47.21% and 49.01% and then 40.39%. Kerala shows a declining trend (53.54% for 1970, 49.72% for 1972, and 47.51% for 1974), while Bihar shows a continuous increase from 12.53% in 1968 to 38.09% in 1970, 47.26% in 1972 and 50.48% in 1974.

When we consider the proportion of membership covered by the dormant societies, we notice that in the case of Assam, Andhra Pradesh and Uttar Pradesh the difference is not much if not minimal. In the case of Andhra Pradesh, in 1974 66.64% of societies cover 59.42% of the total membership for the state - while in other states the proportion covered are much less. Although lower than the percentage of dormant societies, the figures for the membership of dormant societies in by no means low. With the exception of Maharashtra, Jammu and Kashmir and Tamil Nadu no other state had figures less than 25% for 1974. With the exception of Maharashtra, in other states the figures tend to increase or remain constant with mild fluctuations irrespective of whether the percentage of dormant societies increased or decreased or remained constant. Maharashtra had in 1968 38.65% of the total membership as members of the dormant societies, for 1970 the figures were 31.26% of total membership as members of 47.21% of dormant societies, for 1972 the corresponding figures were 32.81% of total membership as members of 49.01% of dormant societies. In 1974 there is sharp decline in the membership by nearly half-to 18.50% while the proportion of dormant societies decline to 40.39%.

When we delve into the figures industry-wise (Table 11) we notice the picture is all the more worse. In 1966 there were 4 types of industrial cooperatives (palmgur, general engineering, coir, and the omnibus category miscellaneous industries) which had a figure less than 40%. Of 17 types listed, 10 had figures of less than 50%. In 1968, the figures are shelved by half and only 5 have figures of less than 50% while 3 of the five had less than 40%; the figures for the rest of the 12 types were well over 50%! In 1970 there are only 3 cooperatives industries with figures lower than 50% (dormant). They are the miscellaneous industries with 48.28% and the general engineering 40.71% and coir 39.82%. In 1972 the same industries have figures less than 50% while in 1974, there is an addition to this with sericulture cooperatives which had an increasing trend till 1972 (the figure being 74.83%) and then had reduced the dormant societies to 45.5%. On the other hand in 1966, there were only 3 types of cooperatives with figures (dormancy) of 60% and above : they were flaying and tanning, chemical engineering, leather goods. In 1970, there are now 6 types of cooperatives with figures over 60%. Besides the three types mentioned above, the 3 new additions are cooperatives for handpounding of paddy and cereals, canning of fruits and vegetables cooperatives, sericulture. Of these, 4 had over 70% of the societies as dormant

(Flaying and tanning, canning, chemical engineering, sericulture). In 1974 the types of cooperatives with figures over 60% dormant, increased to seven. They are flaying and tanning (78.82%), pottery 62.54%, handpounding of paddy and cereals (71.66%), canning (92.03%), chemical engineering (74.58%), leather goods (72.05%), handicraft industries (61.22%). With the exception of coir cooperatives and general engineering cooperatives, No other type of cooperative had, over the span of time since 1966, at least half of the cooperatives functioning at some time or the other. The omnibus category miscellaneous industries had, to be correct, figures less than 50%; but in 1970 and 1972 figures were nearly 50%.

Thus of 17 types of cooperatives only 4 have half their societies functioning, but none has $\frac{2}{3}$ of the societies functioning in 1974. The detailed explanation only serves to show how deep the malaise is with such high percentages of dormancy, cooperatives have remained only on paper. Under such circumstances to claim that cooperatives have grown, much less to call them a "movement" as has been done so by most authors, serves just only to live in a world of make believe rather than face the facts squarely.

PROFIT AND LOSS

If we proceed further and consider as to whether primary credit societies have been able to stand on their own feet economically, we notice (from Table 12) that the data available from 1960-61, indicates that the percentage of societies running

TABLE 12 : PROFIT AND LOSS - PRIMARY CREDIT SOCIETIES

	(a)	(a)	(b)	(b)	(c)	(c)	(d)	(d)	(e)	(e)	(f)	(f)	(g)	(g)
	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74
Total Number of Societies	212129	215081	211132	209622	201046	191904	178735	171804	167760	162700	160780	¹ 157454 ^x	154670 ^y	153808 ^z
Number of Societies working at Profit	146433 (69.04)	146692 (68.20)	143666 (68.04)	146064 (69.68)	139405 (69.34)	131846 (68.70)	121842 (68.16)	120828 (70.33)	113893 (67.89)	112786 (69.32)	107099 (66.61)	94357 (59.93)	95511 (61.75)	96414 (62.68)
Amount of Profit (Rupees Crores)	5.66	5.9	6.74	8.52	11.4	10.5	13.7	16.2	16.8	19.4	20.6	19.8	24.38	27.26
Number of Societies working at a Loss	42735 (20.15)	46690 (21.71)	48940 (23.18)	44473 (21.22)	44073 (21.92)	45844 (23.89)	43342 (24.25)	39112 (22.77)	41832 (24.94)	37903 (23.17)	41122 (25.58)	48493 (30.80)	46508 (30.07)	44835 (29.15)
Amount of Loss (Rupees Crores)	1.23	1.52	1.85	1.95	2.3	3.4	5.0	4.4	5.9	5.8	8.7	11.0	12.40	13.37
Number of Societies working at neither profit nor at loss	22908 (10.81)	21699 (10.09)	18526 (8.78)	19085 (9.10)	17568 (8.74)	14214 (7.41)	13551 (7.59)	11864 (6.90)	12035 (7.17)	12207 ² (7.50)	12559 (7.81)	14519 (9.22)	12276 (7.94)	12269 (7.98)

NOTE: Data prior to 1960 is not available.

- x. Breakup of 85 Societies not available.
y. Breakup of 375 Societies not available
z. Breakup of 290 Societies not available
1. This figure for the same year in another Review of 1972-74 is given as 157369. The former figure is given from Review 1970-72.
2. This figure for this category is given as 11922 in Review 1968-70. The latter figure is given from Review 1970-72.
H. The Figures in Brackets indicate %age to total number of societies.

- SOURCES: a. Review of the Cooperative Movement in India 1960-62, RBI, Bombay, 1965, Table 4-8, p.54.
b. Review of the Cooperative Movement in India 1962-64, RBI, Bombay, 1966 Table 4-10, p. 57.
c. Review of the Cooperative Movement in India 1964-66, RBI, Bombay, 1969, Table 35, p. 52.
d. Review of the Cooperative Movement in India 1966-68, RBI, Bombay 1970, Table 46, p. 86.
e. Review of the Cooperative Movement in India 1968-70, RBI, Bombay 1972, Table 47, p.78.
f. Review of the Cooperative Movement in India 1970-72, RBI, Bombay, 1974, Table 51, p.86.
g. Review of the Cooperative Movement in India 1972-74, RBI, Bombay 1976, Table 54, p.112.

on a loss has been steadily increasing over the 14 years span till 1973-'74. In fact the increase since 1969-70 is dramatic. and the percentage of credit societies running on a profit has dramatically reduced in the same time span since 1969-70. Till 1969-70, the percentages used to keep fluctuating but then since 1969-70 it has tended to decline, recovering marginally in 1973-74. Under normal circumstances having such a low percentage of societies of just around 68% running on a profit is only a reflection on the state of the cooperative organization; and the trend since 1969-70 only serves to prove their inability to survive. This is more clearly brought about by the graphs (See Figures 3,4 and 5). The graph on percentage of societies running at a loss (Fig.4) shows a steady increase with mild fluctuations. The lowest point on the fluctuation is never below the previous lowest figure. On the other hand, the graph of societies running neither at profit nor at a loss (Fig. 5) shows the tendency to decline till 1967-68 and then gradually increase and taper off from 1972-73 onwards. The sudden jump in 1971-72 has not affected the overall trend. The trend paints a gloomy picture and only clearly shows the sorry state of cooperatives in this country. The cooperatives had failed even to survive, financially, what to expect of serving the needs of the poor and fulfilling their aim of being an alternative and profitable and viable enterprise for the benefit of the members of the rural society.

FIGURE - 3

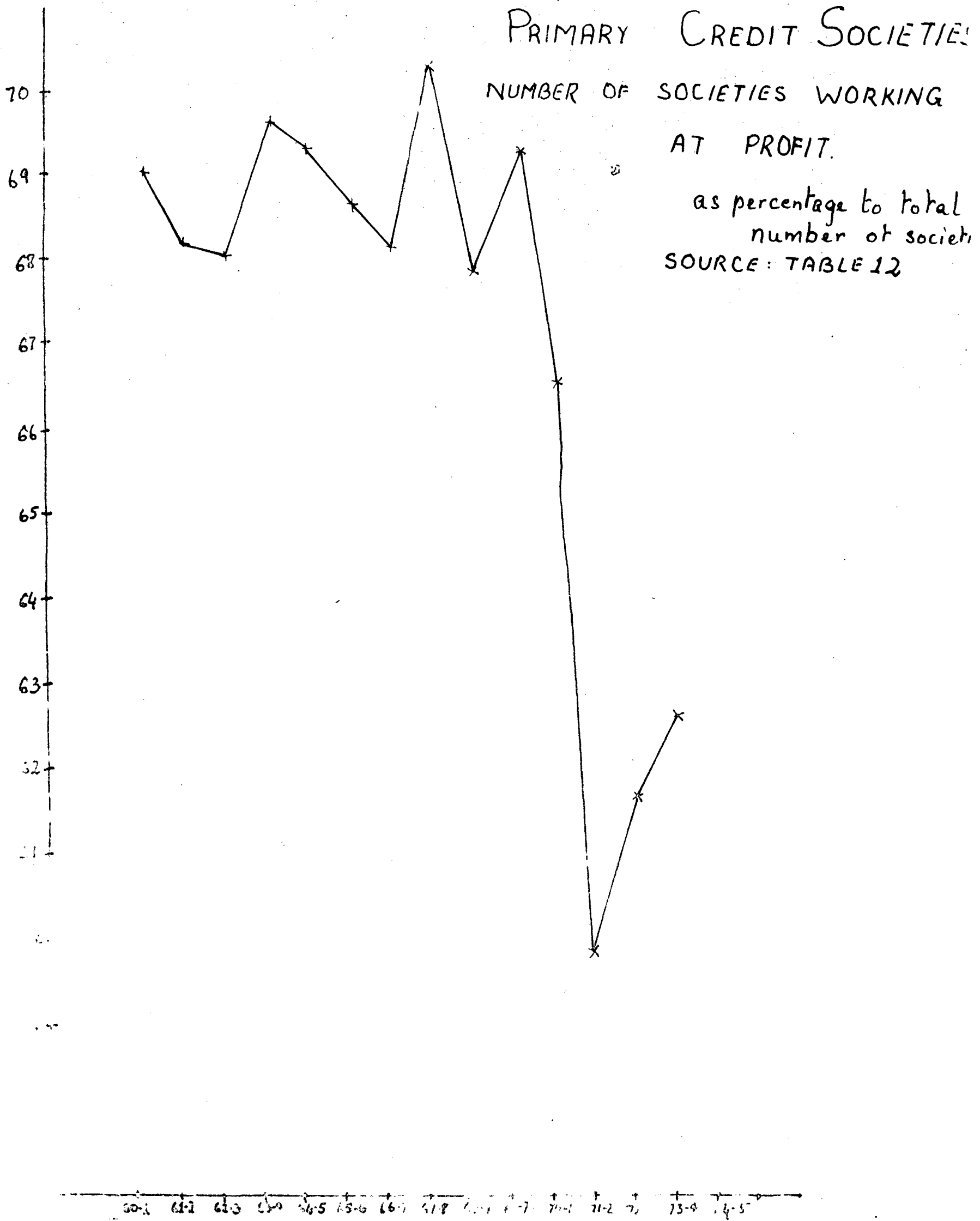


FIG. 4

PRIMARY CREDIT SOCIETIES NUMBER OF SOCIETIES WORKING AT A LOSS.

(as percentage to total number of
societies)

SOURCE: TABLE 12₀

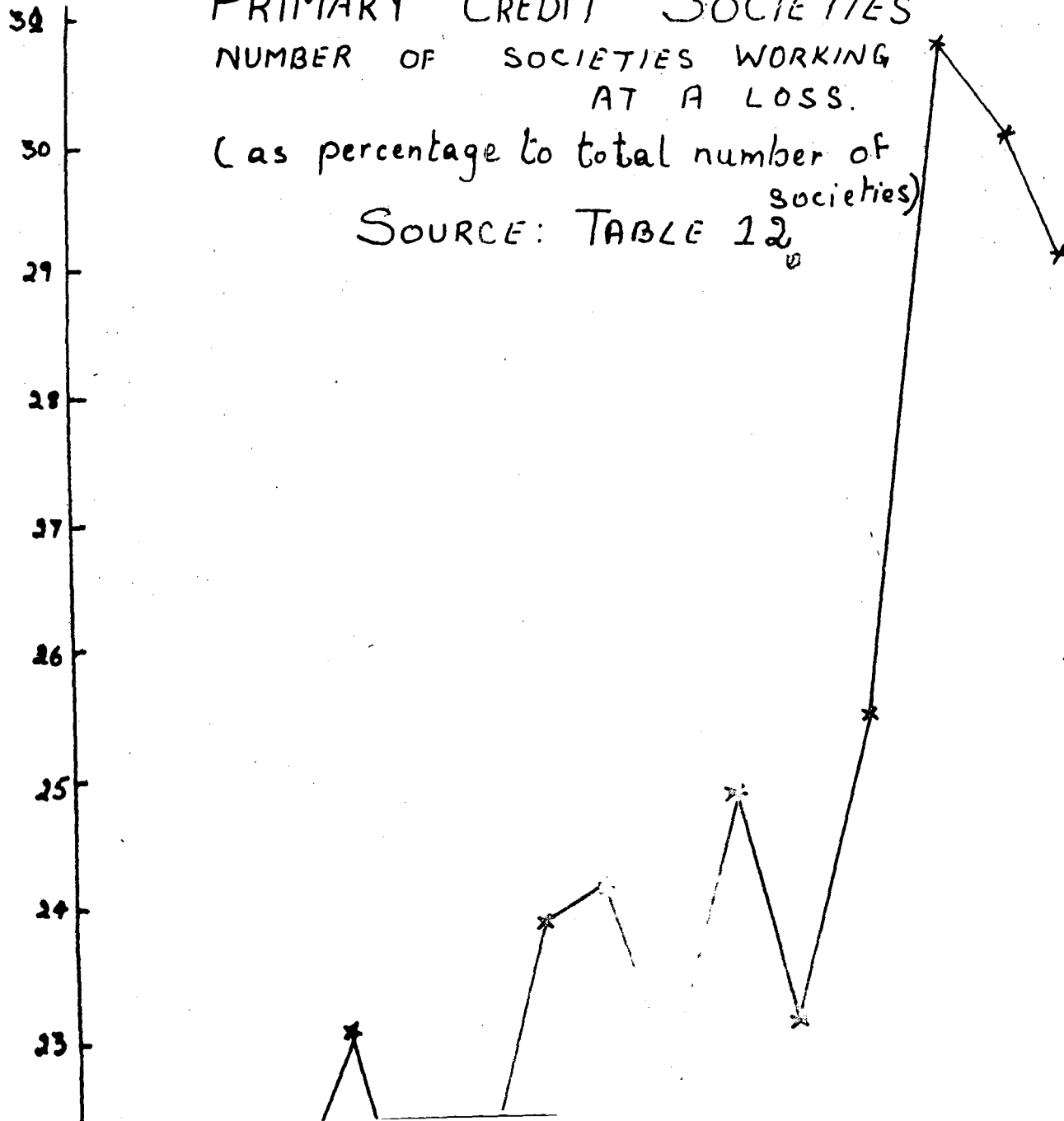
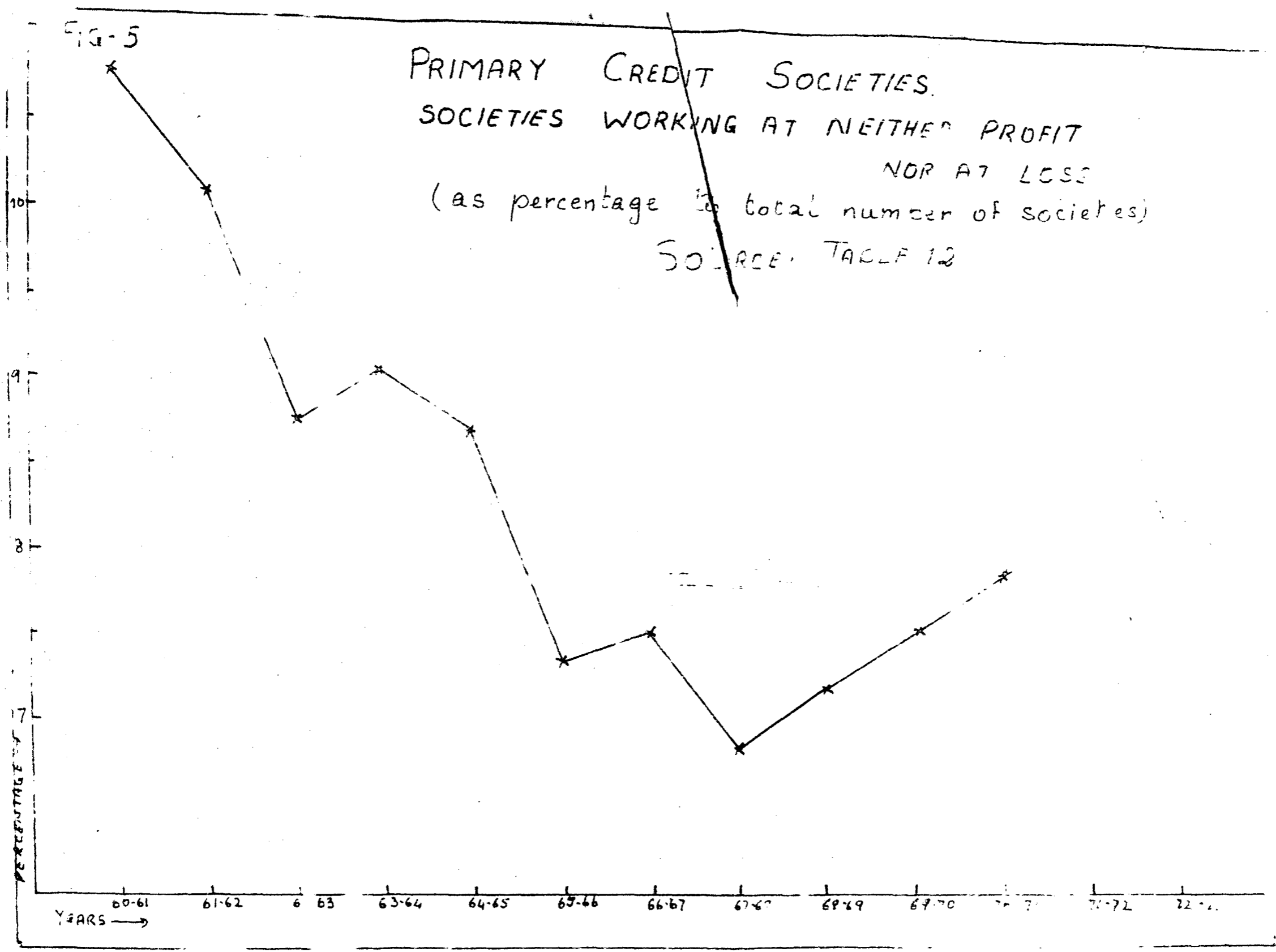


FIG-5

PRIMARY CREDIT SOCIETIES.
SOCIETIES WORKING AT NEITHER PROFIT
NOR AT LOSS
(as percentage to total number of societies)
SOURCE: TABLE 12



This analysis only shows how cooperatives have failed in all departments. They have not only failed to stand on their own feet, having a high percentage of societies running on a loss with the trend for the future being no brighter; and in cases where they did survive, they have not been able to reduce the overdues which from year to year is increasing. And the loans they have given have only served to benefit the rich; the poor, the agricultural labourers and tenants getting a mere pittance compared to that given to the landed. On the industrial front there is a high degree of dormancy which by no means seems to be declining either in any industry or in any state (with very rare exceptions) ! All this shows that in all the various ventures of cooperatives in India it has put on only a poor performance of failure at every level. It is indeed a poor score by cooperatives, be it the credit societies, which constitute over 70% of the societies to-day, or by other industrial cooperatives !

The state of cooperative societies in other sectors is also equally miserable. The picture of consumer cooperatives which had a short spell of resuscitated life during the war, was again in doldrums. In 1959-60 there were 9168 primary stores, having a membership of 1.4 million and paid-up capital of Rs. 2.4 crores. Of these less than a third were running on profit¹⁷.

17. Third Five Year Plan, p. 211

On the eve of the Fourth Plan there were 14,500 primary consumer cooperatives of which 3,500 were dormant, not to say of those running on a loss¹⁸.

Only certain spheres of cooperative activity have shown any signs of growth. The cooperative Marketing Sector is one. The volume of cooperative agricultural produce rose from about Rs. 53 crores in 1955-56 to Rs.174 crores in 1960-61 and to Rs. 301 crores in 1964-65. In the Fourth Plan the figure reached Rs.844 crores, showing a phenomenal increase in a period of about 15 years. But this picture is not all rosy, for even though the overall record of cooperatives marketing was impressive - interstate disparities continue to be wide. In 1971-72, over 4 states accounted for 77 per cent of total marketing while eight other states accounted for only two per cent of marketing of agricultural produce in the same period. In some states (4 major states), cooperative marketing declined during the 4th Plan. Only Punjab showed a phenomenal increase of over 200% in a period of 3 years;¹⁹ and the Fifth Plan Draft Outline remarks that there is considerable unevenness in the performance of individual cooperatives in this field.

18. Fourth Five Year Plan, 1969-'74, p. 224

19. The figures are taken from:

(i) Draft Fifth Five Year Plan ; pp. 77 & 99

(ii) Fourth Five Year Plan - Draft Outline, p. 140

The post_independence period of 27 years till 1974, has been a witness to the testimony that cooperatives in general have not taken its roots, inspite of attempts at nurturing them by the state. Cases and instances of success are found sporadically; but in general, the overall picture has not improved over the previous colonial period. Why is it that inspite of such 'heavy' input of finance and effort by the government and other agencies - that cooperatives have been generally a failure ? If there are stray cases of success what makes them successful while while others are a failure ? The answer to this question has remained unanswered adequately even to-day. Many people, be it social scientists or social workers, bureaucrats or politicians, laymen or specialists have offered reasons for this. The task before us is to analyse these reasons, for they do not adequately explain as to why cooperatives have been a failure as opposed to success in other countries like Israel; Scandinavia etc., or for that matter as to why do some cooperatives succeed as against the rest which fail within this country ?

C H A P T E R-IIIREASONS FOR THE FAILURE OF THE COOPERATIVES
IN INDIA: AN ANALYSIS.

Having established that Cooperatives in India have more as a rule tended to be failures with success being an exception, it becomes imperative to analyse the factors/reasons proffered by various authors for the failure of cooperatives. The various reasons offered by different authors fall into the following categories:-

- (i) Organisational
- (ii) Economic
- (iii) Political
- (iv) Political-economic
- (v) Sociological.

Having outlined the different possible categories under which the various reasons can be clubbed - we may now analyse what the various authors including the leaders of the country, think to be the reason/factors for the failure; and if they attribute the failure to more than one factor, then to which they give priority.

Hough in her book (1966) emphasises on more than one particular factor. The "intrinsic factor" is the organisational weakness and the "extrinsic" factors are "poverty and malnutrition, the

widespread indebtedness" along with :

" the tardy steps taken by several States to enact debt relief legislation, the depressingly high percentage of illiteracy and lack of business experience, uneconomic holdings and antiquated methods, inadequate transportation and storage facilities, the lack until recently of uniform standard of weights, measures and products, great price fluctuations, dearth of regulated markets, exploitation by money-lenders and middlemen in these are among the many facts of problem that call for simultaneous attention, supplemented by far seeing economic and social legislation" (Hough, 1966:315).

These are the handicaps which the cooperative movement faces. The fact that the cooperatives have not been able to overcome the handicaps serves ample testimony to the state of cooperatives in the country. As for the weaknesses, she highlights - the cooperatives lack of spontaneity and are overdependent upon the state "the habit of looking to the government to do for us things which we can and ought to do better for ourselves" (1966:315). Administrative weaknesses and organisational defects are the others mentioned. Not only cooperatives have been opened to fulfill targets, but when cooperatives were "introduced the local people were given only an one sided picture by those incharge of propoganda." She also highlights the overemphasis on agricultural credit to the neglect of linking it with thrift policy.

Although these points have been mentioned, for Hough the

"most serious among the weaknesses" is the dependence upon the state :

" which is more important in the long run, that the cooperative structure should serve as the only credit agency subsidized by the state or that cooperators should remain true to their principles, accept the impossibility of developing on sound cooperative lines with sufficient rapidity to meet the need of all creditworthy individuals, and leave it to a supplementary agency to try to do what it cannot at the moment without departure from its own dharma" (1966 : 346) ✓

A government agency however efficient would be soulless. So cooperatives have to stand on their own feet. The choice, put thus, is a tough one.

Hough's choice is no choice. She poses the choice wr^ongly. The choice is not between rapid progress through a governmental agency vis-a-vis cooperatives : for cooperative organisations are supposed to be efficient and helpful in the rapid progress of the country. In answer to the question why cooperatives have been weak and not making rapid growth, she seems to have made it axiomatic that the path of cooperatives is slow. The overdependence of cooperatives upon the state cannot be denied --for as it has been rightly stated, cooperatives came into existence by government policy; the governmental/state role was to foster the cooperatives in India - through subsidy and loans. Instead of making use of this incentive - these cooperatives that exist now, with a few exceptions, have come to depend upon these subsidies for their existence. The cooperatives continue to be an 'alienated'

institution, cut off from the common people. Why? The answer to this has not been touched by Hough.

Rene Dumont (1973) argues that cooperatives in India are 'capitalist producer' cooperatives. Since these cooperatives were favoured under Indian law through subsidies and loans, land owners acted as being cooperative organisation resembling joint stock companies which paid exorbitant rents. Thanks to extremely low wages, these cooperatives were able to pay dividends to their shareholders. For Dumont, "producer cooperatives could only reasonably be envisaged after some genuine agrarian reform had occurred and an effective network of service and credit cooperatives set-up" (1973:234). The cooperatives are thus a cover for the exploiter to continue exploiting the exploited - and the opportunity for cooperatives to succeed is not only after a successful agrarian reform but also through a change in attitude. This is an echo of Gunnar Myrdal's view by Rene Demont (Myrdal:1968:Vol.II:1335).

Rene Dumont's argument misses the point that cooperatives were the agents to bring about the agrarian reform by introducing not only the 'ideal' organisation, but also through this organisation bring about a change in attitude to work. The emphasis on the political-economic factor misses the above mentioned aim of cooperatives. If this was the aim then why have the cooperatives failed? Dumont's study does not answer the question at all.

Sir Malcolm Darling in his report of 1957 (Tyagi:1968: 104-112) also barks upon the wrong tree. The symptoms of weakness have been pointed out to be organisational. "Only if strong^{units} existed at the base, an effective higher structure would be built at higher levels" (1968: Ch 26 : 1335). Accordingly his emphasis is on the organisational weakness of grass-roots which have been caused by fixing targets and trying to achieve it irrespective of the feasibility of the 'movement'. The suggestions of Malcolm Darling to set these organisational weakness right are not radical. Nor does he try and seek an answer as to why inspite of the attempts till then and the subsequent changes brought about, cooperatives still have failed. The suggestions that audit should be a statutory duty of the 'Registrar' of a cooperative organisation is only a reflection on the state of corruption in the cooperatives. He suggests certain minimum periods of training for instructors, chairmen and secretaries. Why such a period has been suggested is not explained. It is also expected that training in theory and practice of cooperation would suffice. Malcolm Darling's suggestion is very interesting. But just training in regional language- although an improvement - still does not solve the problem. But Malcolm Darling's emphasis is on organisation; and his suggestion on education and training, is of secondary importance.

Margaret Digby in her "Assessment of Indian Cooperatives" (1972: 61-67) feels that cooperatives have had 'advantage' and disadvantages of public backing. "It has had enough, though perhaps still not enough, capital resources placed at its disposal". And at times "it has been tempted to go too fast for its human and material resources". But generally it has made advances so it is left to the reader to assume that the weakness, if any, is owing to financial shortage. Digby is one of those for whom cooperatives have made "advancement" - for they have contributed to agricultural "productivity". Such an assessment is blind and is questionable. And further to blame the weakness (if any) to financial shortages is just a cover. Such a study does not merit any serious attention.

Otto Schiller (1969 : 112-114) echoes the views of the Gadgil Committee Report (known as Report of the Committee on Cooperative Farming) on his views on failure of cooperative farming. Schillers interests being confined to cooperative farming he emphasises that non-economic factors like psychological and demographic aspects along with technology have to be taken into account, when considering what makes cooperative farming successful or not (1969:15) For India he echoes the Gadgil Committee Report. What does this Report say ?

The Gadgil Committee Report¹ remarks that the failure has resulted owing to the decision, to restrict the introduction of cooperative farming mainly to small and uneconomic holdings; whose share percentage of cultivated land falls less than 15% of the total. It suggests that the solution is through better education and training, and "better response" from the rural population the programme should be achieved. The nature of education and training is not detailed. The Gadgil report follows the same track taken by Malcolm Darling.

Mathur (1971: 653-681) lists a number of factors responsible for the poor performance of cooperatives in India - focusing on organizational, dependence upon state, domination of vested interests and lack of proper education and training. Some of the other points are repeats of the same point mentioned above in different ways. Mathur quotes from various authors and various sources to emphasize these points. Mathur's remarks that on the whole about 25% of the societies are defunct or dead. In case of industrial cooperatives one-third are dormant. Further there is inefficient management in support of which the All India Rural Credit Review Committee Report is quoted (A major factor of weakness in the working of cooperative credit in recent years is that there has been no

1. See Govt. of India: Report of the Committee on Cooperative Farming, New Delhi: 1965: p. 207.

recognition of the need for following a business like approach in running these institutions and securing management of the required quality). The same report also comments on the lack of leadership and the semi-feudal relations existing in the society which act as handicaps. A FAO report (Mathur: 1971:665) remark that "in India a cooperative society has become a semi-state organisation in which there is hardly any initiative, auto-activity, autonomy, not to speak of auto finance on the side of members", is quoted to lend support to the argument of dependence upon the state. So to overcome this Mathur emphasises on organisational (reorganisation and revitalization, dedicated leadership, efficient management, effective supervision and audit cooperation among cooperatives) economic (elimination of vested interests, mobilization of savings, emphasis on owned funds) and on proper education and training. The general emphasis is on organization; vested interests can be eliminated by a proper organisational administration and that is by not allowing certain sections of society to join the cooperatives. Where Mathur fails to analyse is that given the organisational inputs and the economic advantage why have cooperatives not struck n root. The arguments he has put forward are not new, in fact they have been mentioned, in part or in whole, by others earlier to him. Cooperatives, have been given and got dedicated leaders, good management an institute to train people - and inspite of these factors- they have

not made headway. Mathur covers a lot of ground but in doing so he misses the vital points which others like him, have missed. Why has cooperatives not succeeded? It is not that such attempts as mentioned by him have not been made; but by and large, these have not paid off.

What do the government agencies think to be the failures of cooperatives? The All-India Rural Credit Survey of 1954 considers :

"the moral fundamental causes of the failure are in our opinion economic and socio-economic. In other words, it is the factors which condition the cultivator's economic activity and in the social background against which the activity takes place that we believe will be found the real explanation for the great disparity between the dimension of performance on the one hand and expectation and promise on the other of cooperative credit in India. The administrative, structural and functional weaknesses and the educational and technical backwardness by which they are accentuated will then be seen to be subsidiary forms of symptom and ailment rather than the main disease itself" 2.

According to the survey the socio-economic factors that have inhibited the growth of cooperatives are the (i) stiff competition and opposition from private interests (ii) the psychological and sociological factors at work or what the Report calls the 'bias' towards owners of land or tenants; the 'positive' bias towards the high in relation to the low (in terms of social position) and the positive bias to the urban interests in contrast to the rural (iii) This coupled

2. Reserve Bank of India: All India Rural Credit Survey
Report of the Committee of Direction Vol. II, Bombay, 1954: pp.253

with the orthodoxy and hesitancy of cooperative leaders in demanding more financial help credits from government, (iv) The Reserve Bank and State Bank treat the cooperative in a bureaucratic and peremptory manner without showing any 'favour' to the cooperatives (v) and more important, which is the basic cause of failure of cooperative, is the climate of institutional credit; that climate in Indian conditions has been preponderantly 'urban', it is not yet congenial to rural interests and the fulfilment of rural needs³. As for economic factors the Report stresses that the heritage of colonial economy combined with the urban derived power of village trader and moneylender is another dimension. The Report concludes with the note, that the problem is not so much one of reorganization of cooperative credit, as of the creation of new conditions in which it can operate effectively and for the benefit of the weaker sections .

" The prevailing conditions cannot be transformed by the very persons who are oppressed and rendered weak by their existence. The forces of transformation have to be at least as powerful as those which are sought to be counteracted - such forces cannot be generated not by cooperation alone but by cooperation in conjunction with the state." 4

After such a lengthy analysis what does the committee suggest ? The suggestions number over 120⁵, but we shall confine to the broad features

3. Ibid. p. 272

4. Ibid. p. 279

5. See Ibid. pp. 545-563; There is a resume of suggestion; See Ch. 36, 37 & 38.

and not go into matters of detail.

The Report recommends that the cooperative structure should be reorganised to include state partnership at various levels and in various forms. At the state (or Apex level) the partnership would be direct, while at the district level it would be through apex (or State level) institutions. At the primary level also state partnership would be indirect-for which the district level institutions would contribute. And owing to state participation greater percentage of rural areas would be covered. Cooperative credit should cover according to the recommendation, the subsistence as distinguished from consumption needs - through a system of productive finance⁶.

At the primary level, the changes recommended as at the apex and district level are organisational - concerning the size, which should be larger and not confined to 'one village one society principle', the liability to be limited; the membership to be open and anyone denied admission should have right to appeal to Registrar who is an IAS Officer; with the office bearers being trained at one institute⁷. The report also recommends the setting up of an All India Training Centre in Poona which would train workers and officers at

6. Ibid. see p. 430-433

7. Ibid. See Ch. 39, p. 465-470.

various levels.

The report which is voluminous and running to 3 volumes with the second volume itself of 578 pages, is a work which has made interesting 'analysis' - for it, 'surveys' as the title itself suggests, the factors which led to the failure of cooperatives. It is to the credit of ^{the} authors of the Report that they consider various factors - and rightly do emphasis on the socio-economic and social factors. Having made incisive analysis of certain aspects of the problem, they overlook certain important points and their social analysis does not come to grips with the problem. Some of the factors they mentioned like competition from private traders and the like is bound to be there, and it does exist in countries like Sweden, Finland or Israel where cooperatives have proved successful inspite of such odds.

Moreover, the recommendations touch only the periphery of their analysis of failure. The authors assume that with active state participation, their urban bias, the lack of finance (the 'sociological' and 'psychological' bias) would be overcome. Most of the recommendations have been implemented. An institute for training and research has come up in Poona; the state is actively involved in cooperatives and continues to be so even to-day, often at times contributing over 90% of funds. One may rightly question as to whether such heavy subsidy is not detrimental; but even if we accept this

argument of the Report we find that cooperatives Credit Societies continue to be a failure with overdues still being of a very high percentage.

That was the thinking of experts in 1954 ! What do the leaders think now ? Two different Reports make the position clear on the thinking of leaders on this issue. They are (i) The Report of the Study Team on Overdues of Cooperative Credit Institutions and (ii) another is the Public Accounts Committee Reports on the state of cooperatives in urban areas.

One of the objective of the Study Team on Overdues of Cooperatives Credit Institutions was to find out the causes of overdues, in addition to making recommendation to overcome these limitation. The study team made an indepth study of (i) 113 central cooperative banks from 5 states which formed about one-third of the total number of central Banks in the country, and (ii) of the 233 primary agricultural credit societies studied, 133 societies broadly at the rate of 3 societies from any 3 districts in a state were studied in greater detail, to ascertain the relationship between trends in overdues and certain factors. These factors were divided into 2 categories : (i) those 'external' to the lending institution such as climatic conditions, irrigation facilities, importance of cash crops etc. and (ii) those which were 'internal' to them such as arrangements for supervision, volume of the business of the

society etc. The study team observed that as far as central banks were concerned that for the year ending on 30th June, 1972, out of a total of 341 central cooperative banks, 270 banks (or 79%) had overdues exceeding owned funds ! (see Table I). There were 61 banks in which the situation was chronic. The overdues exceeded not only the owned funds but also the deposits. The only state which had all the banks overdues less than owned funds was Tamil Nadu. Tamil Nadu also had the lowest average percentage of overdues of 9% compared to Gujarat and Jammu and Kashmir which had the next lowest figure of 21%. Gujarat was the only state besides Tamil Nadu to have less than 50% of the banks having overdues which did not exceed owned funds.

The Study Team also found that out of 341 banks only 148 had overdues less than 40% (see Table 2). And only 38 banks had overdues less than 20%.

Similarly at the level of primary credit societies (See Table 3) the study team found that for year ending 30th June, 1972 the "big farmers" i.e. those holding 10 acres of land and above formed 20% of the total number of defaulters and accounted for 46% of the total overdues. The "medium farmers" i.e. those having land between 5 and 10 acres constituted 18% of the total number of defaulters and accounted for 20% of the total overdues. The "small farmers" i.e. those having landholdings between 3 and 5 acres

TABLE-1

OVERDUES OF CENTRAL COOPERATIVE BANKS AS ON 30-6-1972

STATE	Average % age of Overdues	No. of Central Banks			
		TOTAL	Overdues Less than Owned funds	Overdues Exceeding owned funds	% of col. 5 to col. 3
(1)	(2)	(3)	(4)	(5)	(6)
ANDHRA PRADESH	46	25	5	20	80
ASSAM	86	7	-	7	100
BIHAR	56	28	-	28	100
GUJERAT	21	18	11	7	39
HARYANA	51	9	3	6	67
HIMACHAL PRADESH	33	2	1	1	50
JAMMU KASHMIR	21	3	1	2	67
KARNATAKA	32	19	7	12	63
KERALA	22	10	5	5	50
MADHYA PRADESH	38	43	4	39	91
MAHARASHTRA	32	25	3	22	88
ORISSA	39	17	2	15	88
PUNJAB	59	17	3	14	82
RAJASTHAN	64	25	-	25	100
TAMIL NADU	9	16	16	-	-
UTTAR PRADESH	49	56	9	47	84
WEST BENGAL	68	21	1	20	95
ALL INDIA	36	341	71	270	79

Source: Report of the Study Team on Overdues of Cooperative Credit Institutions, Reserve Bank of India, Bombay, 1974. p.13

TABLE -2

<u>LEVEL OF OVERDUES AS A PERCENTAGE OF OUTSTANDING</u>	<u>NO. OF CENTRAL BANKS</u>
a) 20 AND BELOW	38
b) 20 TO 40	110
c) 40 TO 60	89
d) 60 TO 80	78
e) ABOVE 80	26
	<hr/>
	341
	<hr/>

Source: Report of the Study Team on
Overdues of Cooperative Credit Institutions,
Reserve Bank of India, Bombay, 1974, p.12

TABLE: 3

ITEM	Size of LANDHOLDINGS					TOTAL
	10 acres and above	5 to 10 acres	3 to 5 acres	Below 3 acres	Tenants etc.	
1	2a	2b	2c	2d	2e	2f
1. Number of Indebted Members	7639	6929	7686	11722	2435	36411
2. Percent to the Total Indebted Members	21	19	21	32	7	100
3. Number of Defaulters	5602	5542	6386	9715	2196	29441
4. Percent to the Total Defaulters	20	18	22	33	7	100
5. Percentage of Defaulters to Indebted Members	73	80	83	83	90	80
6. Loans Outstanding (Rs. Lakhs)	126.70	55.09	40.10	33.61	10.56	266.15
7. Loans Overdue (Rs. Lakhs)	79.60	35.17	26.97	23.85	8.07	173.66
8. Percent to total Loans Overdue	46	20	15	14	5	100
9. Percent of Overdues to Outstanding	63	64	67	71	76	65

Source: Report of the Study on Overdues of Cooperative Credit Institutions, Reserve Bank of India, Bombay, 1974, p. 45

formed 22% of the total number of defaulters and they accounted for 15% of the overdues⁹. Tenants and agricultural labourers in default and the amount defaulted by them proved only a very few small proportion of the defaulters and of the total overdues at 7% and 5% respectively.

Similarly was the case of chronic defaulters (See Table 4) where the big landowners although formed only 24% of the defaulters. They accounted for over 50% of the overdues. On the other extreme were the tenants and agricultural labourers who constituted only 11% of the defaulters, the lowest and also accounted for a small proportion of 5% of the overdues.

The study team also found that there was no relation between the external factors and increase in overdues.

" The existence of favourable external factors had not in a majority of cases, helped to arrest the upward trend in overdues. On the other hand (and in contrast), some of the internal factors were favourable and have kept the level of overdues, in a comparative sense, low or at least prevented a further rise" ¹⁰ (See Table 5)

Even though this is the actual position, the Study Team

9. The categorisation of those holding land 10 acres and above as big farmers those holding land between 5 to 10 acres as medium farmers, and those holding between 3 to 5 acres as small farmers is done by the authors of the Study Team. No attempt has been made to question this classification and the terms are put within quotation marks.

10. Ibid. pt. 2.81 p. 57

TABLE-4

CHRONIC DEFAULT AS ON 30-6-1972 IN RESPECT OF
153 SOCIETIES.

Defaulters with	10 acres and above	5 to 10 acres	3 to 5 acres	Below 3 acres	Tenants, Agricultural Labourers, etc.	TOTAL
(1)	(2a)	(2b)	(2c)	(2d)	(2e)	(2f)
1. OVERDUES UPTO 3 Years (a) No.	1930	1592	1192	2099	628	7441
(b) Percent to Total	26	22	16	18	8	100
(c) Amount (Rs.lakhs)	45.44	12.63	6.52	7.05	3.19	74.83
II. OVERDUES FOR 3 Years & above						
(a) Number	1177	983	837	1798	794	5589
(b) Percent to Total	21	18	15	32	14	100
(c) Percent of II-a to III-a	38	38	41	46	56	43
(d) Amount (Rs.lakhs)	12.90	5.48	3.03	4.17	2.01	27.59
III. TOTAL						
(a) Number I-a + II-a	3107	2575	2029	3897	1422	13030
(b) Percent to Total	24	20	15	30	11	100
(c) Amount I-c + II-d (Rs.Lakhs)	58.34	18.11	9.55	11.22	5.20	102.42

Source: Report of the Study Team on Overdues of Cooperative Credit Institutions, Reserve Bank of India, Bombay, 1974, p.48

TABLE-5

NUMBER OF SOCIETIES AND THEIR RELATION TO
TREND IN OVERDUES.

Trend in Overdues	Full time Secretaries	% to Total	Part-time Secretaries	% to Total
INCREASING	40	53	37	64
DECREASING	22	29	11	19
STEADY	8	11	9	15
FLUCTUATING	5	7	1	2
	<hr style="width: 20%; margin: auto;"/> 75	<hr style="width: 20%; margin: auto;"/> 100	<hr style="width: 20%; margin: auto;"/> 58	<hr style="width: 20%; margin: auto;"/> 100

Source: Report of the Study Team on Overdues of Cooperative Credit Institutions, Reserve Bank of India, Bombay, 1974, p.

considers that :

"lack of will and discipline among cultivators were the principal factors responsible for the prevalence of overdues amongst cooperatives. The defective lending policies pursued by cooperatives the apathy of management in taking quick decisions against recalcitrant members, and above all, absence of favourable climate for which state governments were found to be responsible to some extent, had served as contributory factors" ¹¹

This only serves to confound us for by categorising the principal factor to be "lack of will and discipline" we are left no better, and any man on the street could have come to a similar conclusions.

And what are its recommendations ? Only organizational changes : The creation of Agricultural Stabilisation Fund at all levels which was recommended by the All India Rural Credit Survey as way back as 1954. Organisational changes are recommended so as to make arrangements for financial relief for those suffering from natural calamities : it includes suggestion like writing off a short term loan for a member who has taken a short and medium term loan and is a victim of 2 successive failures and the remaining loans rescheduled over 7 years; and if he happens to be a big farmer, only the principal would be written off and not the interest and the remaining loans would be rescheduled over 7 years.

11. *ibid.* point 9. pp. 224-225

The suggestions includes certain measures (Ch.VI) to recover overdues like filling a form before one sells ones crop and to insist on sureties for loans over Rs.500/-. The structural changes (Chapter VII) recommended include creating viable units at primary level with full time paid secretary and increase credit business to at least Rs.2 lakhs. It includes amalgamation of 2 or more weak units and at the same time allowing dormant and weak units a "slow natural extinction".

The categorisation of the study team seems to be far from objective; "lack of will and discipline" is a general statement; and it is like a cap that will fit any and every head. The causes for failure of organisation in industry, games etc. are often summed up by the common man in such a phrase. It leaves us no better after undergoing the exercise. On the other hand, from the same data on the basis of which the Study Team has based its findings, we can interpret the same data in a different way. It was the "medium" and "big" farmers who account for the lions' share of the amount overdue (74.6%). It is the "big" farmer who has been cornering the lions share of the loans and refusing to pay them. This clearly indicates the "tilt" towards the rich of the cooperatives.

The Public Accounts Committee Reports are a good reflection on what the leaders are thinking about the problem. We shall take two cases: The Public Accounts Committee (PAC) Reports on the Super Bazar, New Delhi and the Public Accounts

Committee Reports on Consumer Cooperatives¹².

The Super Bazar, New Delhi was set by in July 1966 by Cooperative Stores Ltd., Delhi (a newly established Cooperative Society) under a centrally sponsored scheme of setting up a chain of large departmental stores in principal cities for holding the price line. Right from the beginning the stores are running on a loss-beginning with a loss of Rs.7.88 lakhs, touching a peak of Rs. 22.05 lakh and then reducing to Rs.19.27 lakhs, ^{and} 17.21 lakhs in 1968-69 and 1969-70 respectively. The committee remarks that it notices "a rather amateurish handling of the affairs of the stores" - which arose out of "undue over-optimism or lack of sufficient expertise and control". It was further noticed that accounts were not maintained regarding each branch's profit or loss¹³. Purchases indicated lack of experience and planning. Further the commission realised on selling space was not commensurate with selling space occupied. Overhead expenses crossed the ceiling of 2% and reached 6.4% owing to amongst others, administrative expenses. The Report concludes, that by remedial measures, the Super Bazar would start making profits.¹⁴

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12. (i) P.A.C. Reports Lok Sabha 1971-72 Tenth Report 'Super Bazar' 1972-73 Fifth ^{Session} Report Action taken on recommendations.
(ii) P.A.C. Reports 1972-73 84th Report Dept. of Coop. 1973-74 107th Report.
13. All the figures and quotations are taken from PAC 10th Report (1971-72) pp. 17 points 4.15 to 4.17.
14. See *ibid.* Points (i) 6.10 to 6.12 (ii) 8.17 (iii) 9.2 and 9-17

In November 1962 the Government of India started organisation of consumer cooperatives in important urban areas with a population of 50,000 and above. This scheme was enlarged to provide for large departmental stores in cities and towns with a population of two lakhs and over with a view to exercise a healthy influence on retail distribution trade. The structure was 'too tiered' with central and primary stores. 4375 primary stores incurred losses to the extent of Rs.150 lakhs while 4121 stores made no profit no loss. The number of primary stores making profits decreased from 6709 in 1965-66 to 4638 in 1970-71, while the number of those incurring losses increased from 2763 to 4375. 4000 societies were dormant in 1969-70. The sales turnover of the primary stores declined from Rs. 195.38 crores to Rs.151.21 crores in 1970-71¹⁵,

The performance of the Central Stores was no better. There were over 98 stores running on losses for three years successively (1966-67 to 1968-69) out of a total of about 365 stores. The number of those running on a loss increased from 98 in 1966-67 to 199 in 1970-71. The number of stores making profit declined from 246 in 1966-67 to 153 in 1970-71.

15. These figures are from PAC (1972-73) 84th Report Points 1.53 to 1.55

The Public Accounts Committee records that the cause of uneconomic workings was adverse price fluctuations to high over-head costs, injudicious purchases, non-recovery of dues from primaries, stock shortages, lack of experience, mismanagement and in some cases, misappropriation.

As for the departmental/wholesale stores, the losses were attributed to heavy initial expenditure, high rents of buildings in some cases, heavy expenditure on establishment and other overheads inexperienced management, injudicious purchases, pilferages by customers and employees¹⁶.

The entire Report seeks the failure in economic or/and organisational factors. The PAC reports smack of a bureaucratic touch and lacks any incisive and penetrative analysis to throw up new explanations and a new path to set the stores on recovery. Since these stores were set up by the government they having failed in their purpose, now cannot even survive. Why? It is not the factors which have been pointed out by the Report; adverse price fluctuations, is one which has affected even those making a profit and yet they made profit. How? and Why? The increasing trend of societies running on a loss cannot be brushed aside by

16. See Ibid. Points 1.65; 1.76; 1.80.

a simple explanations of adverse prices or/ and injudicious management or/and injudicious purchases, etc. They are not an isolated phenomenon of consumer cooperatives alone. It is the state of cooperatives in general, in the country. And that has not been tackled nor any attempt to review it in this manner. The why of this remains unanswered.

Only a few works have attempted to view the problem of cooperatives in relations to the society in which they are found. Such attempts are just the initial attempts and as for India is concerned, authors who have made such studies can be counted on ones fingertips.

One of the few works from a sociological perspective is B.S. Baviskar's article (1970) about India in Peter Worsley's book (1970). This is a study of castes and cooperatives in a particular area, Ahmednagar district, of Maharashtra. This article confines the attention to the question "whether caste is a barrier for economic development?". Baviskar's findings are that caste was no barrier for the emergence of successful cooperative sugar factories in that area.

This is in its own way is very interesting, for the All-India Rural Credit Survey of 1954 had mentioned the caste factor to be one of the many factors for the failure. But what Baviskar says is that with the leadership of the dominant caste, Marathas, has certainly bestowed certain advantages for them

and in this process other lower caste have also gained something. To the question whether this would not increase the gulf between the Marathas and others who are weak, he replies that "the establishment of equality among different sections in a society cannot be achieved only or mainly through cooperatives". This raises the question as to whether cooperatives should be introduced only after a state of "equality" is achieved, for Baviskar's observation is that the cooperatives in Maharashtra could increase the hiatus between the strong and the weak.

Gunnar Myrdal echoes the view of Baviskar in a different manner. He argues that :-

" Unfortunately', the notion that cooperatives will have an equalizing effect is bound to turn out to be an illusion. While land reform and tenancy legislation are, at least in their intent, devices for producing fundamental alteration in property rights and economic obligations, the 'cooperative' approach fails to incorporate a frontal attack on the existing inegalitarian power structure" (Myrdal, 1968 Vol. II. 1335).

For him cooperatives cannot be successful and prefers a capitalist approach as a solution to India's problem. Daniel Thorner (1964:34-36) after a study of 117 cooperatives including major successful cooperatives all over India between December, 1958 and June, 1959, remarks that "at the centre, in the states and in the districts, the administration is manned by men

who do not believe in cooperative farming. If anything they have less faith in this latest governmental policy" . . . He goes on to observe that only two kinds of cooperative farms are likely to increase :

- (i) " those useful in evading land reform, so called cooperatives which is really a family enterprise as in Punjab ", and (ii) "A second type of of which we may see more specimens in the kind of state sponsored cooperative farms like in Beligheti in Dharwar district, Karnataka, Kumbhapura in Mysore, Ashokpuri in Etawah and Jehangirpura near Bhopal. The initiative in forming these cooperative come from outside. The motive to keep them going was primarily provided by the state government which provided money, officers, supply and equipment".

Joint forms of this descriptions are expensive and unrewarding and are mere showpiece.

He goes on to add that instead of giving the power of the union to the weak they are only one of the several means by which more powerful families exercise influence and authority over the mass of small holders and labourers. "To the extent that the new service cooperatives are more than mere paper organisations, they are likely to be instruments of the village strong" So he concludes that :

" If cooperative movement in India is to get anywhere, two things must happen first: (i) the power of the village oligarchs must be curtailed; and (ii) the government must become an instrument of the ordinary people and must be considered as such by the ordinary people".

Such sharp reaction is owing to the observation that cooperatives were dominated by the rich who under the cloak of respectability provided by the cooperatives were getting entrenched more firmly.

Thus, for Thorner and Myrdal, cooperatives can be successful, only when the prevailing inequality is reduced.

L. Raghunada Rao's (1975) study of rural cooperative is an in-depth study of 25 villages in Andhra Pradesh. He finds from his study that credit cooperatives have been favouring the rural rich (See Table-6). He remarks that "only four members belonging to weaker sections could obtain small loans from the above societies. The rich members in fact dominate the society." Table-6 reveals that per capita loan is high in case of the rich (the landlords). "Small" farmers the first two groups, get only 17.3% of total loan supplied; the remaining 82.7% of the loans have been usurped by the rich members. So he remarks "therefore the present policy that 90% of loans should go to small farmers and the reduction in the individual loan limit from Rs.5000/- to Rs.1500/- are healthy signs for future development" (1975:199)

He argues that efficiency of cooperative societies can be increased if there is "proper coordination" between marketing and credit societies. As for the failure of joint farms, he says that "the attachment for land does not allow agriculturists to pool their lands with the farming cooperatives". And in so far as the land colonisation societies are concerned, they have been formed by ex-servicemen or by members of backward classes. The society gets land from the government, which is distributed on an individual basis, "but the spirit of cooperative farming is not found among

TABLE-6PATTERN OF SUPPLY OF LOANS TO MEMBERS(251) IN 25 VILLAGES IN 1969-70

Group of * Landholders	No. of landholders	Amount of loan taken ('000 Rs.)	per head of loan obtained (in Rs.)	Percentage of total amt. of loans.
1. 0.3	84	17	201	6.7
2. 3.6	62	27	402	10.6
3. 6.9	36	46	1278	18.1
4. 9.12	22	44	2000	17.3
5. 12.15	13	31	2346	12.3
6. 15.18	8	16	2250	6.3
7. 18.21	4	12	3000	4.7
8. 21.24	3	9	3000	3.5
9. 24.27	5	14	2800	5.6
10. 27.30	8	22	2750	8.6
11. Above 30	6	16	2667	6.3
Total	251	254		

Source: Rural Cooperatives by L. Raghunanda Rao, 1973, Sultan Chand & Sons. Delhi, Table 64, p. 199.

*
The unit of measurement is not mentioned . It is presumed that they are 'acres'. The first two categories are considered by the author to be "small farmers".

themselves". The inefficient management in some cooperatives is owing to "power politics". Marketing, processing and consumers office personnel are not trained, and there is lack of "close collaboration" with panchayati raj institutions. Besides the overwhelming influence of the rich, one another important factor hampering the growth of cooperatives is illiteracy. Raghunada Rao concludes by remarking that :

" Cooperation stands for the betterment of economically and socially weak persons, but they cannot be isolated from each other. European cooperative movement made economic progress at the cost of social development. Consequently it remained stagnant for many years after the Second World War. Moreover, cooperative development naturally brings about social progress in the form of housing colonies, schools, nurseries, etc. The cooperative movement in Andhra Pradesh has overlooked the social problems of the people. The tribal population of the state is largely out of fold of the cooperatives. The weaker section too have been touched are at the fringe of cooperatives". (1975: 206-207).

Raghunada Rao's contention are too broad. There are cooperatives in Andhra Pradesh which have incorporated Harijan in which some have failed and some have succeeded in their attempt¹⁷. Thus to say that cooperatives should incorporate the tribal and backward classes no one can deny is important and necessary for socio-economic progress; but to argue that cooperative progress will be brought about as soon as these tribal and economically backward sections will be brought under the umbrella of cooperatives is also facile

17. Raghava Rao (1974). Raghava Rao mentions of a successful instance of cooperative in Bihar. He also throws light on Girijan cooperatives in West Godavari District of Andhra Pradesh. While other cooperatives have largely failed, Girijan cooperatives (Tribal Cooperatives) have shown some signs of success(1974:141)

Although Raghunada Rao concludes from his data that the rich dominated the cooperatives, he is satisfied that just by government directives on organisational amendments, the favour to the rich or domination by rich will be put an end to. There is enough evidence from other areas to show that this need not necessarily be so. Over all his conclusions are just another addition to the already existing stock of books and articles which does not throw any new light.

A.K. Oommen in his work on Peasant Organisations in Alleppey (1974) differs from the others. He studies cooperatives in relation to other voluntary organisations and these organisations are studied in a social matrix. In his study of the cooperatives (Credit, Farming, Marketing, Cattle Breeders Association, Milk Cooperatives, Poultry Breeders, Harijan Cooperatives) he observes that in all these cooperatives, the high caste domination was found. Even in the exclusive Harijan cooperatives one of the Harijan castes dominates. But their performance was as bad as the other cooperatives, if not worse. Vested interests entrenched themselves in the poultry breeders' cooperatives; while the vested interests from the organised private sector made the marketing cooperatives ineffective. Of the Farming cooperatives according to official statistics, only six were operative (of a total of 28 !). The credit cooperatives are not only entrenched by members of the dominant community but also by political parties. And not more than 30% of the loan

distributed for agricultural purpose is actually utilised for the same. Many of the Cooperatives face the problems of tugs between vested interests with strong economic base and the rising vested interest with militant political orientation, a reflection of the polarisation in Kerala villages.

The figure of loans (1974:29) indicates a very interesting picture; although the highest number of borrowers were tenant cultivators who constituted 49.23% of the total, the amount advanced to them was only 26.13%. Even though, the number of borrowers (in the category of below 1 hectare) was 21.79% in comparison to those belonging to 1 to 2 hectares category who were 18.52%, the actual amount given to 1 to 2 hectares category was highest: 31.27% in comparison to the figure of 13.33% to below 1 hectare category and of 26.13% to tenant. This is the figure for the short term loans. The picture for medium term loans is no different. Further, red tapism and bureaucratic resistance annihilated the innovations initiated by competent technical and enthusiastic personnel in the projects as in the cattle breeders association. This is the picture in so far as the cooperatives are concerned. What are his observations ?

Commen identifies, after his study of various voluntary organisations, three types of linkages between these organisations. These linkages are designated as objective and subjective linkages.

Objective linkages are based on (i) Social base (membership and leadership) linkage (ii) sponsorship linkages and (iii) formal (statutory) linkage. The two types of linkages based on subjective feelings are cooperation and opposition. The bases of cooperative linkages are homogeneity in social base, economic and occupational similarity and politico-ideological allegiance. On the other hand, the basis of oppositional linkages are heterogeneity in social, economic and occupational base and differences in sponsorship. Oommen also adds that when formal organisation are introduced into a social system in which such organisation are hitherto non-existent, traditional ties of caste, neighbourhood, ethnicity, religion, etc. may often work against strict requirements of economic rationality and political expediency. Instead of violently destroying the traditional solidarities it may be strategic to convert them into resources in social transformation. Therefore, what seems to be advisable "is to gradually convert the existing primordial collectivism into instrumental collectivism" (1974: 175).

On the basis of his observation, Oommen then goes on to suggest to link 'cooperatives' and unions to make them effective ; and the possible ways to make them effective are two: (i) to link them structurally while permitting them to continue to specialize in their functions or (ii) to facilitate accretion of functions, to provide an economic base to unions and to provide a political base to cooperatives" (1976: 192) This helps to solve "several

problems" faced by the cooperatives - a viable size, committed leadership, not to speak of the benefits of combining together.

He concludes by remarking that if cooperatives and labour unions are to promote the development of weaker sections, there should be conscious attempt to induce leaders from them; and an organizational risk of this nature is inevitable.

Oommen's study is refreshingly different from the usual studies and makes a bold departure from the oft trodden paths by various authors. Although his suggestions are yet to be tested his attempt at viewing the problems of cooperatives not in isolation but in relation to other voluntary organisation deserves to be commended. Such attempts by sociologists, or works by others to view the cooperatives in such a manner is, to say the least, lacking. Oommen attempts to answer why cooperatives inspite of all the governmental reports like the All India Rural Credit Survey, and suggestions of others like Hough, Mathur and others, have failed. It takes a stand and position different from that of Myrdal, Thorner and others whose analysis only scratches the surface of the problem. Such sociological studies of cooperatives (and it is also true of the need for studying cooperatives from a sociological perspective) is meagre and more serious work is needed.

Why is it that certain cooperatives are successful in one area like the milk cooperatives in Kaira in Gujarat and not in

other places like Haryana ? The social factors ^{if} ~~is~~ studied would throw up an interesting answer to the question. Another dimension not to be neglected is cultural dimension, which is equally important as the structure, stratification and level of socio-economic development of an area. Lastly, the process of 'introduction', including the education, propoganda, training, etc. involved for background of those who are the administrators and the local leaders should also be studied - in addition to the existing ~~types~~ instances of primordial collectivism.

In the string of writings by the various authors quoted and mentioned above, most authors mention a variety of factors to be the reason or cause for the failure of coöperatives as shown in the Figure-I. Mathur and Malcolm Darling, emphasise ~~an~~ organisation while Rene Demont, Myrdal, and Thorner emphasise the political economic dimension. Otto Schiller's concern is hypothetical and is not an analysis of any particular country. Still his argument as to what makes a cooperative successful is interesting and does not fall in the existing category. The P.A.C Reports equally stress on organisation and economic dimension, while the All India Rural Credit Survey in its analysis emphasises the sociological aspect, but in its suggestion, it emphasises the organisation. Baviskar's and Oommen's are the only studies taking the sociological dimension into account.

Thus we notice that the various reasons for the failure of cooperatives may be clubbed under six categories : (i) The

Authors	Organi- zation	Political	Economic			Politico- Economic	Sociolo- gical		Others, if any
			a	b	c		e	f	
1. E.M.Hough	x	x*			x				
2. Rene Dumont						x			
3. Malcolm Darling	x								
4. Margaret Digby			x	x	-				
5. Otto Schiller									Psychology Demography Technology
6. B.S.Mathur	x*								
7. All India Rural Credit Survey	x*		x	-	-		x	-	
8. Report of the Study Team on Overdues of Cooperative Credit Institutions	x								
9. P.A.C.Reports	x		-	-	x				
10. Baviskar							x	-	
11. L.Raghunada Rao	x								
12. Gunnar Myrdal						x*			
13. Daniel Thorner						x*			
14. T.K. Oommen						x	-	x	

NOTE

* This mark indicates that this factor is most important.
emphasised

* indicates the factor by the author(s).

Economic ... a Lack of Finance
b Inadequate monetary incentive
c Injudicious spending

Sociological .. e Emphasis on one dimension
f Sociological matrix, including ties, etc.

organisational factor in which authors emphasise that the weakness and the cause for the failure of the cooperative lies in their organisational drawbacks- which given a better management and organisational network, cooperatives can be successful. (ii) The economic factor in which authors emphasise the lack of resources that is being poured into the cooperatives by the state or/and the poor monetary rewards/incentives or injudicious spending of the resources as being the factors for the failure of cooperatives.

(iii) The political factors: Here the emphasis is on the overdependency of the cooperatives on the state, owing to the role of the state; or/and the emphasis on the lack of political will to take decisions which will hurt the rich, or/and the politicians themselves use them as tools to further their own ends under the garb of cooperatives.

(iv) There is also the political economic factor, i.e. the rich class manipulate the cooperatives by dominating the leadership and until the political economic structure is changed the possibility ^{of} cooperatives succeeding is dim, if not impossible.

(v) The last category is the sociological category: There are very few authors who emphasise this important dimension and those who do, have put forward tentative suggestions. Here it is argued that changes in the political economy need not

precede the introduction of cooperatives in the society, but that cooperatives could themselves be used as agents to bring about change.

(vi) Others, if any (psychological, technological)

We also notice that the explanations proffered by the various authors/reports fail to adequately explain why cooperatives have failed ? Only one study has attempted to throw some light on it and that too in relation to other voluntary organisations. But this study does not deal with the question as to what makes certain type of cooperatives successful in one area and a failure in another ? Such an approach could however possibly give us the much eluded understanding to the thorny question.

C H A P T E R - I VCOOPERATIVE WAY OF LIFE : A COMPARATIVE ANALYSIS

IN the last two chapters, we have adduced enough evidence to show that cooperatives have generally been a failure, while successes have been rare exceptions.

The emphasis has all along been on organisations: their failure, and the analysis of the reasons offered by various authors for the failure. In this chapter we intend to undertake a comparative analysis of cooperative way of life as manifest in various parts of the world, including India; and through this analysis identify certain features which are common for their emergence and "success" in contrast to the other unsuccessful experiments. Our attempt will be to delve in to the Israeli Kibbutz, the Russian Communes and Kol Khoz, the Chinese commune, the Indian Gramdan and the study of cooperatives in Iran, Pakistan and Ceylon which to a great extent share similar conditions with India.

An extensive analysis of the available literature on these areas will enable us to understand more clearly the Indian cooperatives and their inter-relationship; and thus the factors responsible for the success or failure of cooperatives.

Of the available material on the Israeli Kibbutz, the works of Melford Spiro (1955), Boris Stern (1965), Esther Tauber (1955), Henrik Infield (1945) and Joseph Ben-David (1964) are relevant for our purpose in so far as they have a sociological or at least a social science analytical approach to the problem of Kibbutz and Moshav. The works of Spiro and Boris Stern are complementary: Spiro's emphasis being on the 'sociological' while the concern of Boris Stern has been on the economic and political dimensions of the institution of Kibbutz; Esther Tauber's study is informative and gives certain interesting insights especially into the societal factors that led to the emergence of the Kibbutz; Joseph Ben-David helps in de-mystifying the Kibbutz and presents the actual position of Kibbutz and the problems it faces "now". In their own way each of the authors touch upon the societal factors involved in the growth, success and 'stagnation' of the Kibbutz.

The first Israeli Kibbutz was set up in the first decade of the 20th Century, in the years 1909-10 (Ben-David 1964:47) or 1910 (Stern 1965:1). Right from this time till about the formation of the state of Israel, the Kibbutz expanded both in size, number and in strength. But after the formation of the state of Israel their growth rate tended to diminish and in the late fifties actually declined. Table I and Table 2 actually show the growth and stagnancy of the Kibbutz. Table 1 shows growth of the

TABLE - 1

THE GROWTH OF JEWISH POPULATION IN TYPES OF SETTLEMENTS BETWEEN 1945 AND 1961

Type of settlement	Number of settlements					Population					
	1945	1948	1951	1955	1960	1945	1948	1951	1955	1960	1961
1. Total (Urban Population)	27	42	46	49	57	439200	576207	1067647	1215564	1588780	1620000
2. Total (Rural Population)	258	326	606	732	723	149300	110631	310706	371240	322409	312585
3. Large villages	44	34	29	27	24	80700	24160	42942	58481	85975	60902
4. Private Moshavim	35	104	42	43	52	13200		24974	21162	29326	40172
5. Moshavim Ovdim	63*		191	273	345	18000*	30142@	60810	92503	115122	120046
6. Moshavim Shitufim			28	27	19						
7. Kibbutzim	116	177	217	225	229	37400	54208	68156	4856	3625	3909
8. Work Camps	-	-	28	20	-	-	-	8386	77918	77955	77209
9. Other Rural Settlements	-	-	13	25	-	-	-	6300	-	-	-
10. Temporary Settlements	-	-	41	23	5	-	-	22666	70084	-	-
11. Agriculture Schools of large farms	-	11	17	69	47	-	-	75061	30690	2229	2007
12. Immigrant camps	-	-	-	3	-	-	2121	3687	9346	8177	6564
13. Not known	-	-	-	-	-	-	12723	26039	-	-	-
							17117	-	-	-	-

Source: Joseph Ben-David "The Kibbutz and the Moshav" in Joseph Ben-David ed. Agricultural planning and Village Community in Israel, Table 17, Ch.IV

Note: * Includes Moshvei ovdim and Moshavim Shitufim
@ Includes all three types of Moshavim.

T A B L E-2

NUMBER OF KIBBUTZIM, THEIR MEMBERSHIP
AND TOTAL POPULATION

Year	No, of Kibbutzim	Membership	Total Population	Year	No, of Kibbutzim	Membership	Total Population
1910	1	x	x	1940	96	14300	21500
1914	2	x	x	1941	101	14500	21900
1917	3	x	x	1942	106	14800	23000
1918	5	x	x	1943	112	16000	25000
1920	6	x	x	1944	116	16900	28600
1921	12	x	x	1945	123	18100	32200
1923	17	x	x	1946	133	19600	38000
1924	21	x	x	1947	145	21600	39600
1925	24	x	x	1948	War of liberation		
1926	27	x	x	1949	195	28000	61100
1927	30	x	x	1950	205	29000	64000
1928	31	x	x	1951	213	29100	67600
1929	34	x	x	1952	215	30100	70000
1930	40	x	x	1953	216	31500	71600
1931	42	x	x	1954	217	33500	74600
1932	43	x	x	1955	218	38200	80300
1933	47	x	x	1956	221	38800	81200
1934	50	x	x	1957	222	39600	83900
1935	55	x	x	1958	224	40300	83100
1936	64	7600	12000	1959	224	39800	81900
1937	72	8500	12600	1960	225	39400	80200
1938	81	10300	14700	1961	225	40500	81400
1939	91	12700	18800				

Note: (x) Not Available.

Source:- Boris Stern; 1965 The Kibbutz That was
Public Affairs Press, Washington D.C
Ch. VI, Table 9, P.5

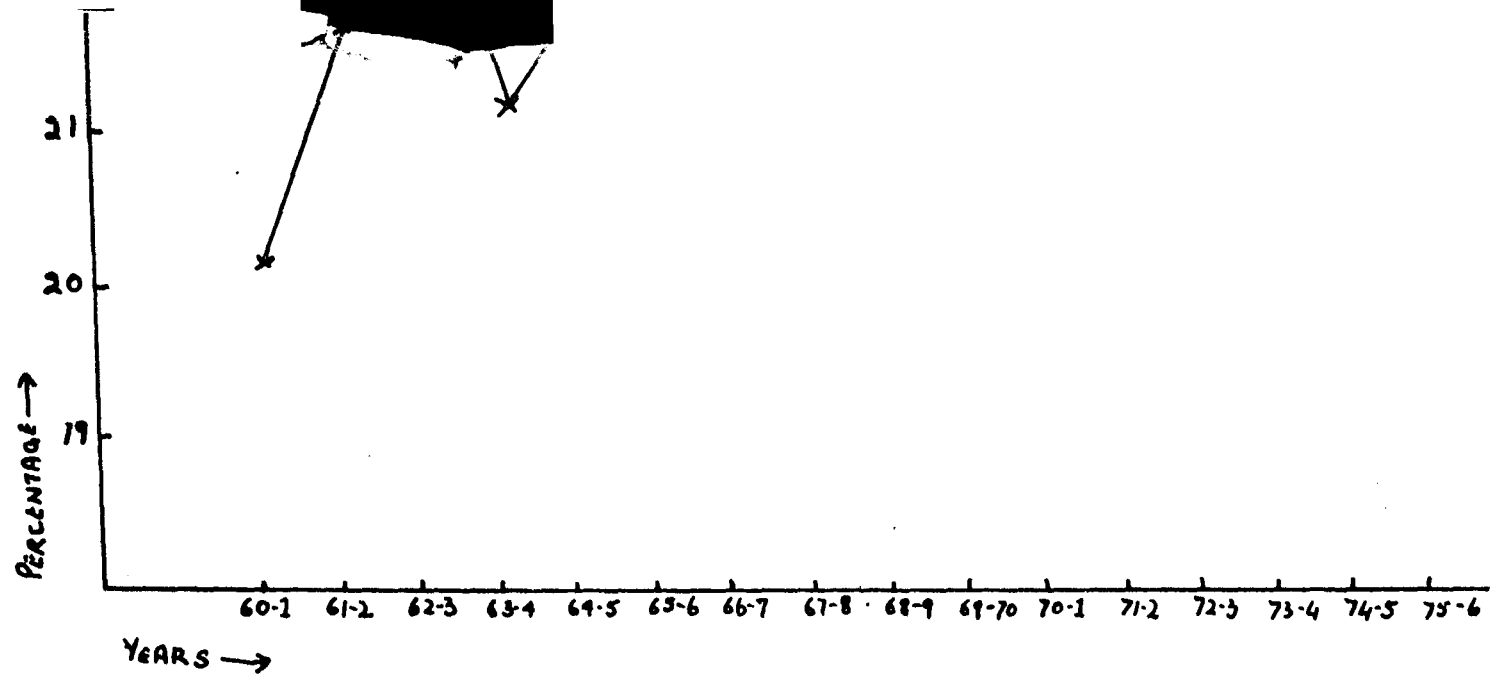
number of settlements from 116 in 1945 having a population of 37,400 to 217 in 1951 with a total population of 68156. In 1955 the number of settlements increased to 225 with the corresponding figure for population being 77818; and in 1960 the number of settlements increased to 229 with a decline in the population, the figure being 77209. The corresponding figures for the same years as shown in Table 2 differ from that of Table 1. They differ in so far that Table 1 shows that the decline in the population of Kibbutz started after 1955; while Table 2 shows that the decline from the peak of 83,900 for 222 settlements in 1957 was only after 1957; and the figures for 1961 show slight upward increase. Another important difference is in the figures regarding the number of settlements. Table 1 shows 225 and 229 settlements for 1955 and 1960 while Table 2 shows 218 and 225 settlements for the same years respectively. Whatever be the difference in figures, they both do not contradict the fact that the growth of the Kibbutz which was phenomenal prior to 1950's declined in the late 1950's. Between 1949-61 the total Jewish population of Israel rose by about 95% from 10,14,000 to 19,86,000. In the same period the total Kibbutz population rose only by 33% from approximately 61,000 to 81,000. Between 1957-61 the total Jewish population of Israel rose by 10% from 1,763,000 to 19,86,000. During this period the actual Kibbutz population declined 2 1/2% from 83,900 to 81,400 (Stern 1965:88).

What have been the factors that led to the initial (successful) growth of Kibbutz? What were the factors that maintained this growth? Who were the people who started the Kibbutz and what was their background? What are the factors that led to the subsequent decline in the popularity and in the deceleration of the growth of population in the Kibbutz? For an answer to these questions, it can be got only after an intensive perusal of the works of Spiro (1955), Tauber (1955), Infield (1945) and Joseph Ben-David (1964). The book of Boris Stern (1965) does not throw much light on these questions and is of not crucial importance for our analysis.

"The pioneering settlement in Palestine began as a spontaneous movement of individuals who came to their ancestral homeland without a central plan or direction. The individuals formed part of the exodus of Jews to the Holy land from Russia and other East European countries."

"This exodus took form of two waves of migration. One of these waves, known as the first Aliyah, brought to Palestine 23,000 immigrants between 1882-1903; the other known as the second Aliyah, brought 35,000 Jews in the period between 1904-1914. The pioneers came from the banks of Hoveve Zion and Bilium in Russia, the latter mostly university students" (Tauber 1955:14).

Tauber further remarks that the Bilu pioneers as they have come to be called, were the first to come to Palestine "with the determination to work on soil". They were forced to seek new homelands for the Jewish people, after the pogroms of 1881. The second pogrom in 1903 led to the second Aliyah; and those who came



with the intention of doing work only landed in Palestine to find themselves facing tougher conditions than anticipated. They were looked down upon; and the jobs they got were of low wages "equal to that paid to the Arabs". In July 1905, 40 delegate workers from Judean villages met at a place called Petach-Tikvah and formed Association of Young Workers known as 'Hapoel Hazair'. Their key-note was "conquest of labour" (Tauber 1955:14; Spiro 1955:10-15), through the penetration of Jewish labour into all branches of work. Their weapon was "mutual aid and cooperative effort". It is these same pioneers who went on to set up the first Kibbutz Degania (the Hebrew name for the cornflower grown in the fields). These university products who were fired with the zeal of national duty and socialist aspiration (owing to the threat to their very existence in Russia), were forced to combine together owing to the adverse conditions in Israel, to form the Kibbutz. This got strengthened as being inexperienced in farming and agriculture, they could not make the headway necessary for success, partly owing to their own limitations of having no background of agriculture; and also partly because of the competition from already settled Jews from other parts of the world. It was an alienated class of intellectuals and Jews who had survived the discrimination and traumatic experience in Eastern Europe, and it was those who survived and seized with the ideology of "conquest of labour" through labour who founded the Kibbutz.

Joseph Ben-David (1964) argues that the factors responsible for the success of the Kibbutz in the initial years was the "pioneering tasks" they performed. They served not only as an institution to absorb immigrants but also had military "functions"- especially of defending Jewish land, labour and life. Further the background of the immigrants in the years till the formation of the state of Israel was one of those who had suffered, in one way or another, the effects of discrimination and antagonism at the hands of non-Jews especially in Eastern Europe. This had resulted in the desire to work unitedly (especially in the absence of a homeland of their own recognised by the world at large) and the feeling of being involved in pioneering tasks sustained them. With the formation of the state of Israel, the state took over the tasks of rehabilitating the immigrants; the military became a separate and specialised force under the direct control of the state; and with the end of World War II the discrimination against the Jews in general subsided if not were reduced considerably throughout the world, and with this the attractive power of the Kibbutz was reduced if not declined. So now except in border areas, where Kibbutz have been pioneers of settlement, they have as such not been able to attract immigrants; nor have they expanded since 1951 and not at all after the late Nineteen-fifties. "The new settlers in the land have not been inspired to create a new way of life or to be a pioneering elite and have shown no willingness to enter Kibbutz".

In fact it has been the twin factors of widespread discrimination especially in Europe, and the 'pioneering' spirit which resulted in the emergence, expansion, growth and sustenance of the Kibbutz 'movement'. They had to undertake such a form of organization mainly because of the necessity to save themselves from not only discrimination but actual elimination. This forced them to search for new ways of not only combining defence but also economic activity with it so that their sustenance could be met as far as possible locally. The necessary capital for establishing a Kibbutz was readily granted by the Jewish National Fund, established first in 1901, which until 1921 functioned on small scale; the Foundation Fund, which was formed in 1921, was another source of financial aid. This fund was governed by the World Zionist Congress, and its main source of income was through a self-assessed per capita tax by Jewish communities throughout the world, as well as voluntary contributions and collections which together constitute the main source of income (Tauber 1955:35).

Melford Spiro(1955) in a sociological study of 'A Kibbutz with Marxist Orientation', Kiryat Yedidim also brings out clearly that Kiryat Yedidim like the Kibbutz in general, is also undergoing a crisis after an initial period of growth. In fact the changes in social milieu has created problems; the members of the Kibbutz were honoured and respected wherever they went in the years

before the creation of the state of Israel as they were 'pioneers'. But with the formation of the state of Israel, the symbols of pioneering and being pioneers were no more valued; and this has had its impact on the Kibbutz, as much as on Kiryat Yedidim (1955:213). Spiro also identifies certain structural factors responsible for creating tension and crisis: they are the structurally inherent bias towards the "youth" wherein the division between groups or members is on lines of age, the young and old. In the Kibbutz, the members enjoy equality in behaviour and opportunity. The members irrespective of differences in age, address each other on the basis first names; and the only factor which underlies inequality is 'ageing'. A member identifies himself with his peer group or with the Kibbutz as a whole; this situation arises owing to the absence of the 'nuclear family'; this has its consequences in the Kibbutz especially in competitions, where the young man who is often the physically superior, wins. But a more important source of problem is the problem of "women". Spiro traces this problem to the social structure- owing to the roles women are asked to perform which are either routine in nature or physically strenuous, and the insecurity faced by middle-aged women in their sexual role: this problem is acute in Kiryat Yedidim where marriage is based only on 'love' and the other factors which "conspire" to perpetuate

marriage in other societies are not applicable here . This has created tension; and Spiro points out that many people who have left Kiryat Yedidim have done so because of their women (1955:217-235). So according to him, this new problem of women along with the feeling of not having achieved their ideals, are the inherent factors responsible for the 'crisis' in Kibbutz. But Spiro does not deny the fact that social milieu has played an important role in the creation of the crisis. In fact the other two factors, the structural problem along with the sense of non-achievement, are the result of the failure of the Kibbutz to respond effectively to changes in the Israeli society. And as Spiro also remarks, towards the end of the Chapter, that the kind of "disillusionment here is of special kind".

" Few societies in fact have high quality of ethical living achieved by the Kibbutz". And disillusionment is owing to the "discrepancy between achievement and aspiration levels, a state of affairs which results from the belief in near Utopian ideals and in the belief that a certain technique constitutes a sufficient means for the attainment of the ideals" (1955: 217-235)

Thus the Kibbutz as an institution emerged in a climate of the traumatic experience of the diaspora and the intense desire to form their own homeland by the Jews on a basis of equality. A deeper insight shows that the background of those who initially formed the Kibbutz were from Eastern Europe where the discrimination against Jews was more intense; and the added 'pioneering' role assigned to them, sustained the Kibbutz over the years. In addition

their ideology of 'conquest of labour' with a leadership of university products turned farm labourers, is a clear indication of the peculiar nature of the leadership which the Kibbutz movement got in its initial years. The formation of the state of Israel, which took over many of the 'tasks' assigned to the Kibbutz, especially of settlement of immigrants and military functions, and the concomitant changes in the Israeli society all added to the decline in the prestige which the Kibbutz as an institution occupied. This resulted in the consequent "crisis". But most of the leaders of Israeli have a Kibbutz background. The kneset has a very high proportion Kibbutz products (Viteles 1966: Vol.2), who have seen to it that it has not become defunct or a mere show piece sustained on state funds, as cooperatives are so in many other societies and countries.

In the Soviet Union there were 3 types of cooperative experiments - the commune, the artel and the toz. The general distinction between the commune and the artel was that "the commune was more radical, anti-property and in favour of collective living. The commune wanted to supersede the individual households. An artel should hold the principal means of production - land, horses and major tools and its members formed jointly" (Wesson 1963: 84)¹.

1. But Male (1971) remarks that "the commune was essentially concerned with the holding of land rather than with the working of land". The emphasis being on joint ownership while work was by individual households.

The word 'toz' was derived from the Russian equivalent for "fellowship" for joint cultivation" or fellowship for collective working of the land. Communes, artels and toz were thus considered in descending order of collectivisation. In the early years of modern Russia communes were initially very popular, especially between May 1918 and early 1919. The popularity of artels and toz were a post-revolutionary phenomenon - especially when the Soviet State took the lead in reorganising Soviet agriculture.

Tracing the origin of communes, Robert Wesson argues that "from earliest Christian times into the modern age, numerous rebellions against established religion have been infused with economic and social radicalism, often extending to communism..." Moreover discontent among those whose scanty education was mostly religious had to take on a religious cloak; religion was the philosophy and political theory of the uneducated. At times, heretical movements even turned their backs on conventional religious forms of expression (1963:66). As far as Russia, was concerned, Wesson argues:

" The absence of representative institutions and political freedoms, together with the lack of education among the peasant masses, forced protests into religious form at a much later date... The precariousness of life and generally misery had resulted in murmurings and outbursts against orthodoxy... Disappointment with the harsh condition of the Emancipation of 1861 led to a great upsurge of Sectarianism. Persecution of dissidents was not systematic or severe enough to exterminate them but drove them further into rebellion. It gave practical reasons for economic radicalism : Sectarianism were virtually compelled to unite closely when driven from their homes and transported to outlying areas, when leaders were exiled or penalized, it seemed only fair to unite to share the burdens" (1963 : 66).

In Russia the nature of dissent from orthodoxy took two forms: One form were adherents of ancient liturgy who considered themselves maintainers of the old church (and were called Old Believers) and the second form were the Sectarian stream who rejected orthodoxy and consisted of numerous, divergent short-lived groups some having Western and others having Eastern inspiration.

The Old Believers who were formally detached from the church in 1666, had many communes, mostly in 'north of Russia', where cultivation was collectively done. The bretheren held themselves equal; property was either public (land and buildings) or private (clothes and furniture). Annually elected directors handled community affairs and special officers supervised the education of the young. These type of commune existed till late into the 19th century, till the 1880's to be exact. Lacking a central organisation, the Old Believers soon split into two - the conservatives and radical wings. Some of the radical wings went to the extreme of repudiating priesthood and were known as "priestless".

Sectarianism was virtually confined to the peasantry and was even more involved in the struggle for economic order. "Sectarians rejected all manner of distinction and authority; and they preferred collective to private property, sometimes going to complete communism". Like Old Believers, the Sectarians were divided into the moderate and radical wings. The moderates made the Bible, the cornerstone of their

faith and were not much disposed to communism. The radicals comprised of diverse faiths such as Dukhobors, Molokane, Stranniki etc. The Dukhobors belief although not explicitly stated, seems to have been naturalistic, and collectively worked and harvested the fields allotted to them by Alexander I in 1804.

" Their success forced the government to ship them to the Caucasus; some of them even moved to Canada in 1898-99. Even in villages with individual farming they had common plowing, common purchase of supplies, stock and machinery. Those who lived in collective villages - the ideal way of life - kept individual households and small garden plots, while equally dividing the harvest" (1963:69).

Akin to Dukhobors were the Molokane who were not ordinarily communistic, but had a common treasury into which each family contributed a tenth part of the income. However a sect of Molokane stressed on communism, where each entrant surrendered his property except for personal effects. Each commune was divided into fraternal sectors, governed by elected headmen; all agricultural and domestic work was done in common. The Tsarist government decreed this sect as "extra-pernicious" and arrested its leaders; but some managed to survive till 1880.

Another communist group was Stranniki (wanderers) which travelled and preached like a mendicant order, but mixed the sexes (1963:70).

The Sectarians were a minority of Russians, and the extreme radicals, a fringe of these. Wesson argues that their number, though unknown, cannot have been insignificant. Sober estimates put the number of Old Believers at nine million and Sectarian

at six million at the time of the Revolution².

After the Revolution, 'sectarianism' did not wane but on the other hand increased. In some cases communal way of life was still desired and encouraged by political authorities. Some, though not many, did arise. These were the years 1918-1919, where there was even a separate division for Communes in the Commissariat of Agriculture. But towards the end of 1918 this Division gave way to Division of Collective Agriculture. Attempts were thence onwards made to bring the communes under direct government control, thus choking the "spontaneous commune movement".

The commune movement thus grew in the Soviet Union/Russia owing to the form it took as a protest movement against orthodoxy³. But what is interesting is that during early years after the Russian Revolution the spontaneous growth of the communes showed a spurt. But after the intervention by the Soviet State to regulate it, it tended to stagnate, and the fervour for the communes dissipated.

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2. The above figure quotations are from Wesson (1963:68-71). But Male (1971:19) puts forward different figures: He argues that only 1.3 million households were involved in a change from communal landholdings to individual enclosed farms of holding, comprising only 10.5% of all peasant households. The rest, it is presumed, were in communal households.
 3. Male reinforces this point - He argues (1971:52) that "a realistic approach would be to view the commune as an institution which probably grew in most areas to reconcile conflict over peasant land holdings. The equalising tendency was in part a result of the individualism of individual peasant households, each striving for the best land, not of any utopian striving for equality".

The ideology was predominantly egalitarian (anti-property and anti-state) which found social approval amongst the people then. Unlike the Kolkhoz and the Chinese commune which was predominantly inspired by the state, the Communes in Russia did not find encouragement from the state as such. Not being "imposed" like the Chinese commune, the Russian commune was "spontaneous"; it intended to choke only when state intervened and tried to control it.

In the case of the Chinese commune and the Soviet Kolkhoz we shall only point out the salient features of their organisational 'growth' and characteristics. The Chinese 'commune' was decreed in August, 1958 by a decision of the Chinese state; but within a short time the state had to relax its earlier decision considerably so that the economy did not collapse. What came to be known as commune thence onwards was only the 'cooperatives' under a new nomenclature. The social groups in the Chinese countryside had not started a widespread movement for 'collectivisation'. If at all the far reaching changes attempted in the communes - collectivisation of land and property, collective living, eating and sleeping, etc., were innovations not brought by the people themselves but by the state; and further these changes did not "mould" the society accordingly. Rather the 'inertia' of society resisted rather than succumb to such organisational changes. Although no widespread protests took place, resistance was stiff and widespread. The programme had

to be guillotined in the middle before further havoc was wrought on the society. If at all anything can be learnt from the Chinese experiment, it is that the 'societal' factors plays a very important crucial role in the growth and success of any organisation. The peasant like in the Israeli case, had not undergone a traumatic experience so as to make them feel that only collective living would enable their survival; but on the other hand, it seems, they were being forced into a particular form of organisation by a coercive state. The case of the Soviet Kolkhoz is no different, if at all it is only a contrast to the "spontaneous growth of the communes" in Russia.

The Indian Gramdan experiment being different from the other experiments needs more detailed analysis especially as to what are the factors for the relative success or failure of Gramdan. Partha Nath Mukherji's two papers (1970; 1974) of the three on Gramdan deal with this problem specifically. In his paper "Study in Induced Social Change: An Indian Experiment" (1970) he has broached this problem directly. After an analysis of 9 villages in the State of Bihar he comes to certain very interesting conclusions. He notices at the economic level that in villages where the Sarvodaya agents played 'democratic' role, all such villages reverted to pre-Gramdan characteristic; while in villages where the Sarvodaya agent was 'authoritarian', most of them continued to conform to Gramdan. In effect the Karyakarta (agent) presence was a necessary

condition but not sufficient to explain the conformity or non-conformity to Gramdan.

Delving deeper, P.N. Mukherji notices that the issue of conformity/non-conformity is related directly to the landownership situation before Gramdan. The following Table makes this explicit:

TABLE -3

TYPE OF KARYAKARTA, ECONOMIC LEVEL, AND CONFORMITY TO GRAMDAN IN NINE VILLAGES.

<u>Karyakarta's Role</u>	<u>Village Economy</u>	
	<u>Landless</u>	<u>Landed</u>
Authoritarian	Conforming	Non-conforming
Democratic	Non-conforming	Non-conforming

Mukherji thus concludes that "villages characterized by socio-economic exploitation and a lack of internal harmony illustrate a pattern in tending to adhere to gramdan". On the other hand tribal villages which have not felt exploited and which did not have internal harmony are also conforming possibly because of their close well-knit communal character. In a later paper, Mukherji (1974) notes that the villages which at the economic level conformed to Gramdan do not necessarily do so at the "social" level; and after further probing and analysis he comes to

the conclusion that non-tribal villages having a tradition of economic 'deprivation' (i.e. exploitation and internal dissension) conform at the social and economic level to Gramdan characteristics; while tribal villages having a similar tradition of deprivation do so only at the economic level. Those non-tribal villages which do not suffer from deprivation conform^{to} Gramdan characteristics only at the social level while the tribal villages having a similar tradition do not conform at the social or at the economic level. This is presented in the schema,

Economic Predispositions

Ethnic	}	Non-tribal	Social and Economic	Social
	}			
Predisposition	}	Tribal	Economic	None

He also comes to the conclusion that the role of the Karyakarta was "largely" inconsequential in explaining performance in the social dimension whereas only two pre-Gramdan characteristics economic and ethnic have been conceptualized as having "significant predisposition to enable clear theoretical insight".

But the observations which are of importance to us is that it is only in an economically "deprived" society given a particular type of leadership that Gramdan (at the economic dimension) has continued^u

to be successful. It is as Mukherji himself puts it, that

" Gramdan villages which suffered from severe social and economic exploitation and lacked internal harmony or resources prior to gramdan present a picture marked by tensions of all kind, from which presumably they would seek relief if an alternative were placed before them. It is therefore not unlikely that Gramdan comes to these villages as just such an alternative offering "deliverance" from the existing state of affairs The villages which lacked such predispositions presumably accepted Gramdan in a different context and different set of expectations"(1970).

In other words, in villages where a "subjective" feeling of exploitation (along with the 'objective' situation) existed Gramdan had been successful. The mere existence of an objective state of exploitation is not enough. The entire village society must be in the grip of tension looking out for an alternative to an exploitative structure, which in this case was provided through Gramdan.

T.K. Oommen (1972 Ch.IV) also has dealt with this problem of success and failure of Gramdan in a different manner. Unlike P.N. Mukherji (1970) he views Gramdan to be a movement, and remarks that

" If a movement is to realise the goals it upholds, it needs to communicate the relevant ideals to the appropriate audience in order to motivate them to join the movement. Three important aspects are intertwined in the process of communication. Who communicates? What is communicated? How are the ideas communicated? The acceptance or rejection of ideas by the audience, to a large extent, particularly in a traditional society, depends upon the 'prestige' of the communicator in a collectivity" (1972: 58).

This indirectly emphasises the role of leadership. Oommen's findings are very interesting in that "the agents of communication were

exclusively external in tribal villages while the role played by internal agents was dominant in caste-Hindu villages".

Oommen also emphasises on another dimension - which he considers to be a pre-requisite for change - namely motivational factors. He notes in his study (1972:64) that "seventy five percent of the interviewees reported that the sarvodaya workers promised multifarious development projects and material benefits to them if they accepted Gramdan". He goes on to say that "interestingly enough it was land, which was sought to be communalized through the movement, which was used as the chief motivating force". Thus the motivating mechanism employed was anti-thetical to the ideals and aims of the movement. He concludes that through "dishonest and fraudulent communication" people were "coerced" into Gramdan while the motivating mechanism was basically anti-thetical to the goals of the movement.

In other words, Oommen's observations are that the leadership play an important role. If they are fraudulent - in their actions, for instance in communication and in motivational aspects, then the movement tends to fail and it becomes difficult to introduce a new way of life. So Oommen's observations and Mukherjee's findings do not contradict, but in fact reinforce each others inspite of the fact that both view Gramdan from different angles; Oommen from a movement perspective and Mukherji from that of an induced experiment.

A similar interesting finding has also been noted by Inayatullah in a United Nations study, a cross-cultural analysis of Iran, Ceylon (now Srilanka) and Pakistan (including East Pakistan, now Bangladesh).

Inayatullah puts forward arguments that in these 3 countries it is not that the wish for improvement does not exist; but it is the weak link between peasant communities, attachment to parochial groups, illiteracy, immobility and other conditions of local society, as well as institutional structures of larger society that have not encouraged such development (1972:263). But what is more interesting is his findings about the role and activities of cooperatives in these three countries.

Inayatullah observes that:

" In none of these three countries have the cooperatives deeply moved the peasants to improve their lot through cooperative action and engage in struggle against those who could exploit them or retard their development. The cooperatives are essentially marginal institution which survive as instruments of government policy. They distribute certain benefits to the population and appear incapable of threatening any vested interest which could destroy them" (1972: 264).

Certain features found common to cooperatives in all these three countries is that "cooperatives with greater 'impact' were homogenous in occupation and class, serving the interest of small and medium landowners in their communities. Their size was not important". Another interesting feature noticed by

Inayatullah is that members of high impact cooperatives, not only had a high degree of solidarity and effective democratic authority, but also that their conception of cooperatives differed from that of low impact cooperatives. The members of high impact cooperatives conceived "cooperatives as instruments of capital formation and introduction of technological innovation as ^a means of improving production", the members of low impact cooperatives regarded them as "a means of acquiring certain facilities from the government and other agencies as some did simply as banks".

Although the high impact cooperatives and low impact cooperatives differed in organizational features (like high impact cooperatives being more comprehensive in their scope whatever be the type - single purpose or multi purpose; or that the high impact cooperatives were disciplined and effective in weeding out members who did not meet standards) one common feature to both was that neither were "engaged in conflict with forces antagonistic to their functioning and performance primarily because their activities did not threaten any antagonistic interests" (1972:267). But the only conflict was amongst kinship groups in areas of high impact cooperatives as "the cooperatives were considered by interest groups as an effective means of advancing interests".

Inayatullah makes two observations of major importance for us and which throws interesting light on the issues of why cooperatives succeeded or failed. Of the 14 cooperatives studied,

there were as classified by him 4 high impact cooperatives (two in East Pakistan and two in Ceylon) and the rest were low impact cooperatives. The interesting observation of Inayatullah is that

"All the four high impact cooperatives were located in communities in which the social structure was relatively flexible; caste and class barriers were relatively weak and the range of inequality of ownership of property was relatively narrow which permitted cooperatives to develop greater solidarity and consequently greater impact. On the other hand, the social structure of communities with low impact cooperatives was more inflexible. Inter-class mobility was low and different kinship, caste and class groups were so mutually isolated that they could not join together to form an effective cooperative" (1972: 268).

Another interesting feature was that "the communities which were relatively more exposed to external influences had more frequently high impact cooperatives than the communities which were relatively isolated and unaccessible".

Physical factors, with the exception of one case, played less important role in conditioning the effectiveness of cooperatives than the social structural and cultural factors.

This leads Inayatullah to say later on, which is of great importance, that -

" In societies where commitment to traditional social structure is strong, where inequalities of wealth, power and status are great, where positive individualism has not developed, etc. efforts to create workable cooperatives are likely to prove futile. To expect that the cooperatives can by themselves transform the local social order is illusory (1972:271)

This is in direct contrast to those who observe that cooperative form of organisation is the "only way out" - be it in the form of

Sunil Guha (1969), D.R. Gadgil (1961), Jawaharlal Nehru (M.L. Sharma 1971) and others. Only an irrational and others. Only an irrational man would challenge that Inayatullah has pointed that cooperatives are not immune to the social forces at work upon them. In fact one can say that it is the social forces, the the social milieu which determines whether a cooperative is successful or not. It is not the organisational lacuna per se which determines the success of a cooperative but the social milieu that does so; and it is this that has to be studied.

It only serves to reinforce our earlier argument that there is a sociological dimension involved a dimension hitherto relatively unexposed to a sociological scrutiny.

But what is more interesting is the observation - that relative "flexibility" of social structure in which inequality was narrow, caste and class barriers weak, that cooperatives had a higher impact. In other words, for an "egalitarian" organisation like cooperative can be successful only in a social structure which will "permit" and/or "accept" an organisation having a similar if not same ideology and structure.

So far our analysis has brought out that it has been some form of a sociological experience that has brought together people who underwent that experience; and it is this experience

that has stamped the ideology of mutual aid - be it the Israeli Kibbutz, the Soviet Communes. On the other hand wherever they have tended to be fostered from the top, especially through the state they have not been successful, even in societies which profess egalitarianism and socialism like in the case of the Kolkhoz and the Chinese commune. As such there is no instance mentioned of open rebellion in the case of Soviet Union and China but there has been non-cooperation so much so the government had to reverse to the earlier policy. Irrespective of the professed ideology of the state, unless the people or groups of people themselves identify themselves and organise themselves on the basis of "mutual aid", the state per se cannot organise people into a particular social formation. What makes a particular set of people opt for this form of social formation? We notice that it primarily has to do with an exploitative experience, the experience of being discriminated against. Experiences like that of the Jews is one well known instance. But there are other such instances also: The Russian, the Hutterites, etc. Not only is it enough that objective conditions of exploitation or discrimination exist, but there should be a subjective experience by those exploited; the resulting action often takes various forms. It is at this juncture that the role of leadership plays an important role as effectively brought out in the cases of Gramdan by Partha Nath Mukherjee. The nature and type of leadership often determines the success of the new organisational innovation being introduced into a traditional social structure. But is this by itself enough?

C H A P T E R - VTOWARDS A SOCIOLOGICAL FRAMEWORK

From our analysis so far, it becomes evident that cooperatives (as an organisation) and cooperativism¹ (as a way of life) are linked.

Successful cooperative organisations are more often the resultant of responses of a group of people to change their way of life to that of a cooperative one. This is borne out from our analysis of the Israeli Kibbutz and the Soviet Communes (see Chapter- IV). On the other hand, whenever the source of inspiration for cooperativism has not come from the people themselves then, cooperativism has not taken roots and it has tended to fail, often leading to disastrous consequences as seen from the Chinese Commune "experiments" and the Soviet Kolkhoz "experiments".

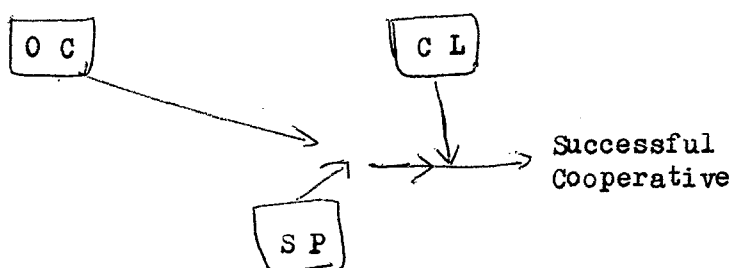
In the previous chapter, we found that the cooperative way of life is not already existing, but often a product of a response.

1. The term cooperativism is used in this Chapter to refer to cooperative way of life as distinct from cooperatives as an organisation. The term may be understood in this context unless other wise stated.

And this response emerges, very interestingly, under certain conditions. Thus successful cooperative organisations are successful end products of a cooperative way of life. This line of argument raises the question as to what happens when cooperative organisations are introduced in a situation where the cooperative way of life is non-existent? An answer to this question is indicated in Inayatullah's (1972) study. Inayatullah (1972:266) observes that 'high' impact as opposed to 'low' impact cooperatives were found in social systems that had "relatively flexible" social structure; "caste and class barriers were relatively weak and the range of inequality of ownership of property was relatively narrow which permitted cooperatives to develop greater solidarity and consequently greater impact". Further, the high impact cooperatives were homogeneous in class and occupation, serving the interest of small and medium landowners (and the members of high and low impact cooperatives differed in their conception of cooperatives- those belonging to high impact cooperatives considering it (cooperatives) to be "instruments of capital formation and technological innovation", while the members of low impact cooperatives viewed them (cooperatives) "as a means of acquiring certain facilities from the government and other agencies"). What Inayatullah's observation makes clear is that cooperatives when introduced in societies having a particular way of life which is close to or akin to cooperativism, then they had a

higher impact than when cooperatives were introduced into societies characterized by inequality and rigidity of social structure.

In the previous Chapter it has been observed that cooperative way of life is not common to every society nor is it widespread; but rather it emerges under certain conditions and circumstances. It has been observed in three cases that cooperativism emerged in societies characterized by an exploitative situation; and it was not the mere existence of such a situation but the 'awareness' by the people of being exploited. In other words when the objective conditions and subjective perceptions coexisted then it united people against the exploiter. It is at this juncture that the leadership plays an important role. If it is "conscious leadership", then, the result is successful 'cooperativism'. Diagrammatically presented it is as follows:



O C : Objectively exploitative situation
 C L : Conscious leadership
 S P : Subjective perception.

On the basis of this observation, we can evolve a framework in which there are other possibilities as well (See Fig. I)

Now what do instances of successful cooperatives in India show ? What are the factors that led to their success ? Do all these cooperatives which are successful, share certain common features ? Before trying to answer these questions, let us highlight the features of successful cooperative.

The most talked about and well known case in India is that of AMUL (the brand name coming from Anand Milk Union Limited - AMUL to Amul). The story of Amul begins in 1947. At that time, the city of Bombay used to import milk from outside to meet the growing needs of its ever expanding populace. Much of the milk, if not the bulk used to come from Kaira district, then part of Bombay presidency, now in Gujarat. The milk used to be collected by private vendors from the local farmers, mostly Patidars, and transported over rail to Bombay.

There was acute dissatisfaction amongst the farmers with prices offered to them for the milk; further the marketing conditions were deplorable and the attitude of the government not at all helpful.

The farmers took a representation to Vallabhai Patel, who advised them that unless they stood on their own feet by forming cooperatives one could not be of much help to them. The farmers united and they stopped supplying milk to the vendors. Bombay city had to go without milk for ~~the~~ weeks. After a fortnight

the government and the distributors relented and they were ready to come to terms. The farmers decided to form cooperatives so as to see to it that they were not exploited by the 'middle men', the distributors in this case, and they were aided in this task by Shri Morarji Desai, the present Prime Minister of India, who then was deputed by Vallabhai Patel to aid the farmers in their task of starting cooperatives².

Another successful instance is from Bihar where a young tribal started Forest Labour Cooperative Society in 1960 in village Chimpri in Bihar. The traditional practice of collecting forest produce was stopped by the Forest Department and "coupes" given to private contractors who exploited the tribals. Bitter quarrels ensued. An educated (up-to 9th class) young tribal consulted higher officials in the Forest Department. On the basis of their advice and after consulting the villagers, they formed a cooperative society with an initial membership of 15 and share of Rs. 300. In a short period the society earned profit from the business but also gained privilege of using timber for fuel and collecting minor forest produce free of cost. Besides, since coupes were allotted to the cooperative immediately after summer harvest every year

2. This is a condensed version taken from Kaira District Cooperative Milk Producers Union : n.d.: The Amul Story a Saga of Cooperative effort 1946-1971.

all able bodied men and women of village got full time work in forest for 3 months continuously (D.V. Raghava Rao: 1974). Attempts to create discord so far have failed. On the contrary their attempts helped to strengthen the villagers' unity.

In another study (N.S. Jodha: 1974) of cooperative "movement" in three districts of Gujarat (Surat, Junagadh and Mehsana), Jodha comes to the conclusion that one of the factors responsible for the relative success of cooperatives in Surat district vis-a-vis the other two -- Junagadh and Mehsana is the 'socio-cultural' dimension.

" The caste solidarity of the Kadva Patidars, the anti-bania sentiments of the cotton growers and their determination to protect the cooperative movement against the tactics of local merchants were strong motivational factors which contributed to the growth of cooperatives in Surat. By contrast no common bond had been established between farmers as a group in Junagadh and Mehsana. These large farmers had taken full advantage of cooperative facilities for financing crop production, but when it comes to marketing have preferred to act as traders, exploiting the weakness of small farmers. They have preferred private gains to larger social benefits which could accrue through the development of cooperative institutions in general and the development of small farmers economic conditions in particular" (1974: 185).

All these three instances cited above, share certain common features which reveal certain factors important for the success of cooperative organisations. Firstly, in all the three cases, the people who started the cooperatives were initially exploited - which the people themselves 'felt'. In other words there was a subjective

feeling of an already existing objective situation of exploitation.

Secondly, the feeling of resentment, and then anger was against the exploiter which was clearly identified to be the private traders, be it in the form of 'Polsons' in case of Amul, the private traders in case of Surat credit cooperatives or the 'private contractor' in the case of Forest cooperatives. This symbol can even be a government or a dictator as the case of Jews shows: and need not necessarily always be a particular class. Moreover the 'exploiters' was 'external' to the society or the community.

Thirdly, in at least two of these cases, what I call 'conscious' leadership' has played an important role. They have, at the crucial moment, channelised the anger against the exploiter into a particular form and given shape to the subsequent (cooperative) organisation that emerged. The instances mentioned above substantiate the pattern in situation A, but besides this there is another instance of Girijan cooperatives in Andhra Pradesh which more or less, substantiates the situation C (See, Figure I)

In Andhra Pradesh, most of the cooperative societies meant for tribals were dominated by non-tribals (Raghya Rao: 1974: 129). Rao observes, "in fact, the non-tribals control the economic and social interests of the tribals". Because the cooperative societies had largely failed in their objectives, the Andhra Pradesh Government started the Girijan Cooperative Corporation in 1956. Its main

objective was to protect the tribal people from exploitation by outsiders through (1) purchasing their minor forest produce on a monopoly basis, and also some agricultural produce, (2) supplying them with domestic requirements at fair prices, and (3) providing credit facilities. (Raghava Rao: 1974:134).

The corporation has 28 primary societies affiliated to it and is the only institution in the state concerned with tribal problem at all stages of its organisation. At the state level it has a board of 15 directors, ten of whom are state government officers and the rest elected by the general body of the cooperative corporations. Each primary society with a coverage of one to three Panchayat Samities, is run by a Board of nine, with the same proportion of government officials as in the apex board.

An interesting remark by Raghava Rao throws very interesting light on the corporations:

" In view of the high degree of official representation at both apex and primary levels and the highly disappointing participation by tribal members in the corporation's activities, it is doubtful whether the corporation can be called a cooperative. Nevertheless it is the official domination' which has been responsible for the relatively successful functioning" (1974: 134).

This makes it sufficiently clear that in an objectively exploitative situation lacking conscious leadership, cooperatives failed miserably. But with the intervention by the state and the formation of the Girijan cooperative Corporation, 'dominated by officials' cooperatives again succeeded - owing to the effectiveness

of the leadership that was now available. The subjective perception of the people was low - seen in the low participation of tribals in the cooperative activities. As such this substantiates the pattern in situation C. But the question can be asked as to whether this is the same as in situation A? Obviously both differ - situation C having a conscious leadership which is of 'external' origin to the tribal society (for whom they are meant) and thus the Girijan cooperative corporation occupies a lower position in the order of 'successful' cooperatives. One can go to the extent of saying that they do not conform to the end ideal of cooperatives - and cannot be definitely termed successful if they continue to be dominated by leaders external to the tribal society.

Situation B and D are obvious cases of failures, but situation E is interesting and needs further explanation. This is a situation in which cooperativism exists owing to tradition; often, in these societies which are mostly tribal, there exists an objective exploitative situation. But the exploiter is 'internal' to the society; he may be the king or the witch doctor or anyone who takes the lion share of a cooperative activity. The people concerned are not often aware of this nature of exploitation and they take part in these activities owing to the weight of tradition. Furthermore, the people who indulge in this form of cooperative activity do not often know that it is "cooperative" form of activity for they are not aware of other forms of organizing

activities. Such being the case, can this be called 'successful' cooperativism. Evidently not, but this is not to deny that such forms of activity may be of help in transition to a modern form of cooperativism.

The framework presented above attempts to explain as to what are the factors that led to the emergence of successful cooperatives and what led to unsuccessful cooperatives. In addition, within the same framework other possible permutations and combinations can be worked out, often raising the question as to what is the role of cooperatives in such situations (like situation I, K in Fig.2). Not all combinations are formed empirically and some are logically impossible (like situation I and M (because if there is no subjective perception at all then there is no possibility of a conscious leadership internal to the society, emerging). But of more interest to us is situations F, G and H (See Fig.2). What happens to cooperatives in such cases? Empirically, as yet, no evidence is available. The answer to these questions cannot be attempted within this study and has to be sought elsewhere preferably through undertaking a fresh empirical enquiry.

FIGURE- 1

Situation	Objective Exploitative Situation		Subjective Perception		Conscious Leadership		Whether Successful Cooperative			REMARKS		
	Exists		Does'nt Exist		Exist		Does'nt Exist		Yes		No	Not known
	External	Internal	Exist	Does'nt exist	External	Internal	Exist	Does'nt Exist				
A	x	-	-	x	-	-	x	-	x	-	-	Amul
B	x	-	-	x	-	-	-	-	x	-	-	Failure
C	x	-	-	-	x	x	-	-	x	-	-	Girijan Cooperative Corporation
D	x	-	-	-	x	-	-	-	x	-	-	Failure
E	-	x	-	-	x	-	-	-	x	-	-	Tribal Cooperative sm.

- Note: 1) x indicates presence of a characteristic
 - indicates absence of a characteristic
- 2) The terms 'external' and 'internal' are used in relation to a particular society or community concerned.

FIGURE-2

Situation	Objective Exploitative Situation			Subjective Perception			Conscious Leadership			Whether successful Cooperative			REMARKS
	Exist		Does't Exist	Exist	Does't Exist		Exists		Does't Exist	Yes	No	Not known	
	External	Internal			External	Internal	External	Internal					
F	-	x	-	x	x	-	x	-	-	-	-	x	
G	-	x	-	x	x	-	-	x	-	-	-	x	
H	-	x	-	-	x	x	x	-	-	-	-	x	
I	-	x	-	-	x	x	-	x	-	-	-	-	IMPOSSIBLE CASE
J	-	-	x	x	-	-	x	-	-	-	-	x	
K	-	-	x	x	-	-	-	x	-	-	-	x	
L	-	-	x	-	x	x	x	-	-	-	-	x	
M	-	-	x	-	x	x	-	x	-	-	-	-	IMPOSSIBLE CASE

- Note: 1) x indicates presence of a characteristic
 - indicates absence of a characteristic
- 2) The terms 'external' and 'internal' are used in relation to a particular society or community concerned.

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